

980-F

ITC 19/2002/1

COMPLETED
18

ORIGINAL



OUR

LIBRARY

PRESENTS...

The Library

U.S. International Trade Commission
Washington, D.C. 20436

BEST DOCUMENT AVAILABLE

I

BEST DOCUMENT AVAILABLE

LIBRARY DIVISION DIRECTORY

CHIEF, LIBRARY DIVISION...	Dorothy J. Berkowitz	523-C016
Secretary...	Shree Moody	523-0021

TECHNICAL SERVICES UNIT:

Head...	Barbara J. Pruett	523-1764
Catalogers...	Barbara J. Pruett	523-1764
	Maureen Leshendok	523-0018
	Bertina Wilson	523-0019
	Peggy Cox	523-0017
Acquisitions...	Joan Schrock	523-1791
Periodicals...	Delores Edwards	523-0020
Processing...	Frances Cooper	523-1815
	Kevin Dowdy	523-0025

INFORMATION SERVICES UNIT:

Head...	Hennie Schneider	523-0013
Reference...	Hennie Schneider	523-0013
	Steve Kover	523-0013
Interlibrary loan...	Hennie Schneider	523-0013
Micrographics...	Virginia Moss	523-1805

Editor...	Barbara J. Pruett	523-1764
-----------	-------------------	----------

BEST DOCUMENT AVAILABLE

January, 1982

NEW ACQUISITIONS FROM CATALOGING:

Barbara Pruett
Maureen Leshendok
Bertina Wilson
Peggy Cox

BEST DOCUMENT AVAILABLE

US International Trade Commisr Main

1

- AG35.N28
Marotti, Giorgio.
Dizionario tecnico inglese-italiano,
italiano-inglese = technical dictionary,
English-Italian, Italian-English. 1972
- HC426.B3
Barnett, A. Doak.
China's economy in global perspective.
1981
- HDS724.A436 1980
United States. Office of
Federal Statistical Policy
and Standards.
Standard occupational classification manual.
1980
- HF1007.C31 1981
Caves, Richard E.
World trade and payments : an introduction.
1981
- HF1007.C785
Corden, Warner Max.
The NIEO proposals : a cool look. 1979
- HF1457.U67
United States. General
Accounting Office.
U.S. laws and regulations applicable to
imports from nonmarket economies could be
improved : report to the Congress. 1981
- HF1756.A5 1981an
United States
International Trade
Commission.
In the matter of coin-operated audio-visual
games and components thereof :
investigation no. 337-TA-87. 1981
- HJ6615.C2
Carlson, George N.
Value-added tax : European experience and
lessons for the United States. 1980
- JK1051.P6
Politics in America : members of Congress
in Washington and at home. 1981
- KF2750.S65 1980
Spencer, Dale R.
Law for the reporter. 1980
- TP248.C4U62
United States. Dept. of
Agriculture. Economics and
Statistics Service.
U.S. casein and lactalbumin imports : an
economic and policy perspective. 1981
- IS304.08 1979
Organisation for Economic
Co-Operation and
Development.
L'industrie Sidérurgique en 1979 = the iron
and steel industry in 1979. 1981

BEST DOCUMENT AVAILABLE

CURRENT CONTENTS FROM THE PERIODICALS DESK

Delores Edwards

The following tables of contents from selected journals are included for informational purposes. These issues are kept on reserve in the Library and may be consulted there. Copies will circulate on request when the next issue is received.

BEST DOCUMENT AVAILABLE across the board

3

December 1981

The cover—Consultant Jack Hilton directs a business client in a rehearsal for a TV appearance. Photograph by Richard Pan. Page 39.

Dick Brown	Commentary	Why businessmen can't write	3
Mary Cunningham		Productivity: does business need values?	7
A. H. Raskin		FROM SITDOWNS TO 'SOLIDARITY'	12
		Passages in the life of American labor	
Edgar R. Fiedler		Wall Street is Main Street	33
			
Randall Poe		SHOWTIME FOR THE CEO	39
David Hale		THATCHERISM	48
			
Anthony Downs		The American dream of an affordable house	58
		As the image recedes, a revolution in real-estate financing is taking place.	
Bruce Stokes		'Mingles' in the future	64
John Shaw		Family attachments	65
Virginia C. Hiland		Why basic research is basic for business	66
		Such research is a kind of gambling—but the payoff on a long shot can be great.	
			
Colin Norman		Basic research question at MIT	71
		Should it accept an industrialist's offer of a \$120-million research institute?	
James Tobin	Commentary	Nobel thoughts	74
John Hein	Books	Slave state	76
		Albert Speer's <i>Infiltration: How Heinrich Himmler schemed to build an SS industrial empire</i>	
Jack Luzzatto	Crossword Puzzle	Random Access	80

Published 11 times annually (the July and August issues are combined) by The Conference Board Inc. (ISSN 0147-1554), Kenneth A. Randall, President, 845 Third Avenue, New York, N.Y. 10022. Printed in North Abington, Mass. Second class postage paid at New York, N.Y., and at additional mailing offices.

Postmaster: Send address changes to *across the board*, 845 Third Avenue, New York, N.Y. 10022.

Subscription rates: CB Associate and educational rate, \$15 annually, single copies, \$1.50. Available to non-Associates, \$30 annually, single copies, \$3.00.
Copyright 1981 The Conference Board Inc. Redistribution or reproduction by any means of any part of *across the board* is prohibited without written permission.

Advertising Manager: Harry W. Hochman, Hochman Associates, Inc., 400 East 56 Street, New York, N.Y. 10022 (212) 371-4932.

Editor: Lewis Bergman
Managing Editor: Gretchen Griffin Haight
Art Director: Josef Kozlakowski
Assistant Editor: Donna Brown
Picture Editor: Barbara Kaplowitz
Assistant to the Editor: Darlene Chiber Sneden

BEST DOCUMENT AVAILABLE

THE BELL JOURNAL OF ECONOMICS

4

EDITORS:

Amos K. Dixit, *Princeton University*
Alvin K. Klevorick, *Yale University*



ASSOCIATE EDITORS:

Jerry A. Hausman, *Massachusetts Institute of Technology*
Paul L. Joskow, *Massachusetts Institute of Technology*
Peter B. Linnhart, *Bell Laboratories*
Richard E. Quandt, *Princeton University*
Sherwin Rosen, *University of Chicago*
Clayton E. Williamson, *University of Pennsylvania*

AUTUMN '81

VOL. 12, NO. 2

MANAGING EDITOR:

Joseph E. Trippi, *American Telephone and Telegraph Company*

TABLE OF CONTENTS

ARTICLES	
341 Nonprofit enterprise in the performing arts	408 The pricing of primary care physicians' services: a test of the role of consumer information
H. HANSMANN	M.V. PAULY AND M.A. SATTERTHWAITE
362 On competition and product differentiation in urban transportation: the San Francisco Bay area	507 Prices versus quantities and vertical financial integration
P.A. VILTON	M.T. FLAHERTY
386 Good news and bad news: representation theorems and applications	526 A dynamic programming model of the U.S. strategic petroleum reserve
P.R. MILGROM	T.J. FEISBERG
392 A critical comparison of utility-type ratemaking methodologies in oil pipeline regulation	547 An investigation of sex discrimination in commercial banks' direct consumer lending
P. NAVARRO, B.C. PETERSEN AND T.R. STAUFFER	R.L. PETERSON
413 Strike two: labor-management negotiations in major league baseball	562 Consumer protection in markets with informationally weak buyers
L.M. DEBROCK AND A.E. ROTH	C. STUART
426 The distributional impact of alternative gasoline conservation policies	574 Sequential R&D strategy for synfuels
R. ARCHIBALD AND R. GILLINGHAM	M.L. WEITZMAN WITH W. NEWEY AND M. RABIN
445 Monopolistic two-part pricing arrangements	SHORT ARTICLES
R. SCHMALENSEE	593 Capital, commitment, and entry equilibrium
467 Critical mass and tariff structure in electronic communications markets	B.C. EATON AND R.G. LIPSEY
S.S. OREN AND S.A. SMITH	605 Risk reduction as a managerial motive for conglomerate mergers
	Y. AMIHUD AND B. LEV

Economic Inquiry

Editors

THOMAS E. BORCHERDING
Simon Fraser University
Burnaby, B.C.

JOHN F. CHANT
Simon Fraser University
Burnaby, B.C.

ARTHUR S. DE VANY
University of Houston
Houston, Tx.

Editorial Board

ARMEN A. ALCHIAN
University of California
Los Angeles

KENNETH J. ARROW
Stanford University
Stanford, Ca.

STANLEY L. ENGERMAN
University of Rochester
Rochester, N.Y.

RICHARD G. LIPSEY
Queen's University
Kingston, Canada

CHARLES R. NELSON
University of Washington
Seattle

THOMAS R. SAVING
Texas A & M University
College Station

Editorial Assistant

GLADYS ELLEN M. DURKSEN

©Western Economic Association 1981.
Printed in the United States of America.
All rights reserved. No part of this issue
may be reproduced in any form, by pho-
tostat, microfilm, by retrieval system, or
any other means, without written per-
mission from the publisher

Volume XIX, Number 4

OCTOBER 1981

ARTICLES

Information and the Life Cycle Consumption of
Hazardous Goods Pauline M. Ippolito 529

Macroeconomic Equilibrium and Disequilibrium in
Centrally Planned Economies Richard Portes 559

A Theory of Paternalistic In-Kind Transfers
..... Edgar K. Browning 579

Competitive Tying Arrangements:
The Case of Medical Insurance Yoram Barzel 598

An Assessment of the Effect of Competition on
Advertising Intensity Walter J. Primeaux, Jr. 613

The Effects of Immigration in a Distorted Two-Sector
Economy Francisco L. Rivera-Batiz 626

Stochastic Input Deliveries Robert E. Martin 640

Inflation and the Distribution of Price Changes Across
Markets: A Causal Analysis Richard Ashley 650

Advertising, Information, and Prices —
A Case Study Amihai Glazer 661

Relative Price Linearity and JRC Equilibrium
..... Elizabeth D. Wickham 672

Pressures for Protectionism:
An Empirical Analysis Wendy E. Takacs 687

Testing the Impact of Recalls on the Demand
for Automobiles Susan M. Crafton,
George E. Hoffer, and Robert J. R. Fily 694

THE ECONOMIC RECORD

September 1981

Articles

SAM OULIARIS	Household Saving and the Rate of Interest	205
W. F. SHEPHERD and D. S. PRASAD RAO	A Comparison of Purchasing Power Parity Between the Pound Sterling and the Australian Dollar in 1979 ..	215
PETER STUBBS	Technological Change in Australia: A Review of the Myers Report	224
J. H. CASSING and A. L. HILFMAN	A Social Safety Net for the Impact of Technical Change: An Evaluation of the Myers Committee's Adjustment Assistance Proposal	232
YIU-KWANG NG	Bentham or Nash? On the Acceptable Form of Social Welfare Functions	238
R. MANNING	Specialization and Dynamics in a Trade Model	251
JOCELYN HORNE	Rational Expectations and the Defris-Williams Inflationary Expectations Series	261
PETER PRAETZ	Returns to Scale in the Australian Life Insurance Industry ..	269
SHILA BONNELL	Real Wages and Employment in the Great Depression ..	277
N. GROENWOLD	The 'New Federalism' and Horizontal Equalization ..	282
<i>Reviews</i> (see inside front cover)		288
<i>News and Notices</i>		295
<i>Books Received</i>		296
<i>Notes to Authors</i> (see inside back cover)		

Subscription Rates See Back Cover

THE ECONOMIC SOCIETY OF AUSTRALIA AND NEW
ZEALAND

Distributed by: Brown Prior Anderson Pty Ltd, 5 Evans Street, Burwood, Victoria 3125

Registered for posting as a publication (Category B)

ISSN 0013-0249

Registered by Australian Post publication No VBP2332

BEST DOCUMENT AVAILABLE FOREIGN AFFAIRS

7



WINTER 1981/82

Congress Versus the President: The Formulation and Implementation of American Foreign Policy	<i>John G. Tower</i>	229
Economic Sanctions and the Iran Experience	<i>Robert Carswell</i>	247
Arms Sales: The New Diplomacy	<i>Andrew J. Pierre</i>	266
NUCLEAR WEAPONS IN THE 1980s		
MAD VS. NUTS: The Mutual Hostage Relationship of the Superpowers	<i>Spurgeon M. Keeny, Jr. and Wolfgang K.H. Panofsky</i>	287
The Implications of Theater Nuclear Weapons in Europe	<i>Christoph Bertram</i>	305
NATO and Nuclear Weapons: Reasons and Unreason	<i>Stanley Hoffmann</i>	327
Mitterrand's Foreign Policy: The Limits of Continuity	<i>Dominique Moïsi</i>	347
Coping with Illegal Immigrants	<i>Sylvia Ann Hewlett</i>	358
Mexico-U.S. Relations: Big Initiatives Can Cause Big Problems	<i>Susan Kaufman Purcell</i>	379
Canada, the United States and the World Economy	<i>Marie-Josée Drouin and Harald B. Malmgren</i>	393
RECONSIDERATIONS—Swollen State, Spent Society: Stalin's Legacy to Brezhnev's Russia	<i>Robert C. Tucker</i>	414
Recent Books on International Relations		436
Source Material	<i>Janet Rigney</i>	457

WILLIAM P. BUNDY
Editor

JAMES CHACE
Managing Editor
MARK A. UHLIG
Assistant Editor

JENNIFER SEYMOUR WHITAKER
Associate Editor

LUCY EDWARDS DESPARD
Book Editor

SHEILA G. BRILL
Assistant to the Editor

KAY KING
Editorial Assistant

MAE BENETT
Assistant to the Managing Editor

DORIS ELIZABETH FOREST
Publisher

GRACE DARLING GRIFFIN
Director, Promotion/Book Advertising

QUENTIN LEO
Advertising Manager

MARK GAUTHIER
Assistant, Promotion/Book Advertising

MARGARET K. KADLE
Assistant to the Publisher

Editorial Advisory Board

A. DOAK BARNETT
JAMES H. BILLINGTON
HARVEY BROOKS

PHILIP C. HABIB
CARL KAYSER
JOHN J. MCCLOY

HARRY C. MCPHERSON, JR.
WILLIAM M. ROTH
FRITZ STERN

Vol. 60, No. 2, Copyright © 1981, Council on Foreign Relations, Inc. Printed in the U.S.A.

FOREIGN POLICY

NUMBER 45 WINTER 1981-82 \$4.00

3	The Partisan Gap <i>Charles H. Percy</i>
	THE GREAT STRATEGIC DEBATE
16	Nuclear Decapitation <i>John D. Steinbruner</i>
29	Treaty Compliance <i>Robert J. Einhorn</i>
48	NATO Myths <i>Lawrence Freedman</i>
69	The Argentine Pariah <i>Charles Macabbing, Jr.</i>
84	Fanning The Flames In South Asia <i>Selig S. Harrison</i>
103	Misreading China <i>David M. Lampton</i>
115	An End To OPEC? <i>S. Fred Singer</i> <i>Stephen Stamas</i>
126	Doves, Hawks, & Détente <i>William Stivers</i>
145	Foreign Policy According To Freud <i>William D. Davidson &</i> <i>Joseph V. Montville</i>
158	Dateline Athens: Greece For The Greeks <i>F. Stephen Larrabee</i>
175	Dateline Cairo: Shaken Pillar <i>Stanley F. Reed</i>
186	Letters

INTER ECONOMICS

ISSN 0020-5346

No. 6 (November/December)

16th Year 1981

EDITORIAL

Change in Cancun

Otto G. Mayer 253

ARTICLES**INDUSTRIALIZED COUNTRIES**

- Alternative Methods of Reducing Government Expenditure Roland Vaubel 255
Increasing Protectionism in Europe Peter Korn 263

EC - US - JAPAN

- Industrial Innovation and Foreign Trade
in the 80's Klaus W. Grewich 269

EXCHANGE RATES

- A New Assessment of Floating Exchange Rates D. R. Waimann 275
Effects of the Flexible Exchange Rate System
on Developing Countries Hans-Peter Nissen,
Klaus Behling 281

BASIC NEEDS

- The Satisfaction of Basic Needs -
Old Demands, New Strategies Renate Heierl-Hogaust 287

SHIPPING

- Prospects for International Maritime Shipping Peter M. Nomikos 292

REPORT

- Foreign Investment as a Form of Enterprise Strategy -
On the Results of a Survey Gunter Kayser,
Uwe Schwarting 295

ECONOMIC TRENDS

- The Economic Situation in the Federal Republic of Germany 300
The International Economic Situation 303
HWWA Index of World Market Prices of Raw Materials 304

A PUBLICATION OF:

HWWA-Institut für Wirtschaftsforschung
Hamburg
(Professor Dr. Armin Gutowski,
Dr. Dietrich Ketschull)

EDITORIAL BOARD:

Chief Editor: Dr. Otto G. Mayer

Assistant Chief Editor:

Dr. Klaus Kwasniewski

Editors: Claus Hamann,
Heiga Lange, Heiga Wenske,
Irene Wilson, Klaus Peter Zaring

Address:

Neuer Jungfernstieg 21
2000 Hamburg 36
Phone: (0 40) 35 62 306, 307

PUBLISHING HOUSE:

Verlag Weltarchiv GmbH, Hamburg

Address:

Neuer Jungfernstieg 21
2000 Hamburg 36
Phone: (0 40) 35 62 500

Advertising Price List:

No. 15 of Jan. 1, 1977

Rates of Subscription:

Single issue: DM 12,-

Annual rate: DM 60,-

(Students: DM 30,-)

Publication Dates:

bi-monthly (February, April, June,
August, October, December)

Printing:

Buch- und Offsetdruckerei Wunsch,
8430 Neumarkt

Copyright by Verlag Weltarchiv GmbH

Editors

DENNIS AIGNER
ARNOLD ZELLNER

Associate Editors

PIETRO BALESTRA
Switzerland
MARCEL DAGENAIS
Canada
ERWIN DIEWERT
Canada
GORDON FISHER
Canada
A. RONALD GALLANT
USA
STEPHEN GOLDFELD
USA
C.W.J. GRANGER
USA
ANDREW HARVEY
UK
JAMES HECKMAN
USA
NICHOLAS M. KIEFER
USA
TEUN KLOEK
The Netherlands
ALAIN MONFORT
France
DAVID A. PIERCE
USA
DALE J. POIRIER
Canada
EDWARD PRESCOTT
USA
TAKAMITSU SAWA
Japan
PETER SCHMIDT
USA
PETER SCHONFELD
West Germany
ROBERT SHILLER
USA
P.A.V.B. SWAMY
USA

JOURNAL OF Econometrics

CONTENTS

S. Beggs, S. Cardell and J. Hausman, Assessing the potential demand for electric cars	1
Badi H. Baltagi, Pooling: An experimental study of alternative testing and estimation procedures in a two-way error component model	21
M.L. King, The alternative Durbin-Watson test: An assessment of Durbin and Watson's choice of test statistic	51
William E. Taylor, On the efficiency of the Cochrane-Orcutt estimator	67
Christian Gourieroux and Alain Monfort, Asymptotic properties of the maximum likelihood estimator in dichotomous logit models	83
A.C. Harvey and G.D.A. Phillips, Testing for serial correlation in simultaneous equation models: Some further results	99
Roger Koehnke, A note on studentizing a test for heteroscedasticity	107
R.A.L. Carter, Comment: Improved Stein-rule estimator for regression problems	113
H.D. Vinod, Reply: Improved Stein-rule estimator for regression problems	125
John McDonald and John Darroch, Comment: Large sample estimation and testing procedures for dynamic equation systems	127
Franz Palm and Arnold Zellner, Rejoinder: Large sample estimation and testing procedures for dynamic equation systems	131
News Items	139

THE JOURNAL OF INDUSTRIAL ECONOMICS

Volume XXX

SEPTEMBER 1981

No. 1

RICHARD L. SMITH, II	
Efficiency Gains from Strategic Investment	1
ANDREW LIKIERMAN	
Pricing Policy in the Texturising Industry, 1958-71	25
MARK HIRSCHHEY and JAMES L. PAPPAS	
Market Power and Manufacturer Leasing	39
NICOLAS H. HIGHTON and MICHAEL G. WEBB	
Pollution Abatement Costs in the Electricity Supply Industry in England and Wales	49
R. McFALL LAMM	
Prices and Concentration in the Food Retailing Industry	67
RANDALL BARTLETT	
Property Rights and the Pricing of Real Estate Brokerage	79
MICHAEL R. BAYE	
Optimal Adjustments to Changes in the Price of Advertising	95
ALBERT N. LINK and JAMES E. LONG	
The Simple Economics of Basic Scientific Research: A Test of Nelson's Diversification Hypothesis	105

ISSN 0022-1821

BASIL BLACKWELL OXFORD ENGLAND

Price:

Annual subscription for institutions: £19.50 (UK), £24.00 (overseas), \$49.60 (USA)
\$59.50 (Canada)Annual subscription for individuals: £12.50 (UK), £15.25 (overseas), \$33.00 (USA)
\$39.50 (Canada)Single issue price for institutions: £5.25 (UK), £6.30 (overseas), \$13.25 (USA)
\$15.75 (Canada)Single issue price for individuals: £3.25 (UK), £3.90 (overseas), \$8.50 (USA)
\$10.25 (Canada)

ORBIS

A Journal of World Affairs

VOLUME 24

NUMBER 4

WINTER 1981

Reflections on "Iraq and Iran at War"	Harvey Sicherman	711
1914 Revisited: A Reply to Miles Kahler	Christopher Layne	719
Soviet Nuclear Proliferation Policy: Dilemmas and Contradictions	Joseph L. Nogee	751
Soviet Intelligence and Security Services in the Eighties: The Paramilitary Dimension	John J. Dziak	771
Sino-Soviet Relations in Naval Perspective	Donald C. Daniel	787
U.S. Policy Toward Egypt: Problems and Prospects	Robert Springborg	805
The Foreign Policy of Libya: Inflexibility Amid Change	Nathan Alexander	819
Negotiating by Proxy: Jordanian Foreign Policy and U.S. Options in the Middle East	Adam M. Garfinkle	847
Liberia's Flag of Convenience: Rough Water Ahead	Rodney Carlisle	881
Review by Ross B. Talbot		893
Index to Volume 24		915

OXFORD ECONOMIC PAPERS (NEW SERIES)

VOLUME 33 NOVEMBER 1981 NUMBER 3

Editorial Board

General Editors: N. H. DIMSDALE, W. A. ELTIS

R. W. BACON, D. K. H. BEGG, C. J. BLISS, C. L. GILBERT, K. B. GRIFFIN,
D. A. HAY, A. J. OSWALD, M. FG. SCOTT, A. K. SEN, P. J. N. SINCLAIR,
J. F. WRIGHT

CONTENTS

The Oxford Challenge to Marshallian Supply and Demand: The History of the Oxford Economists' Research Group, By FREDERIC S. LEE	339
Ricardian Economics and the Economics of David Ricardo, By D. P. O'BRIEN	352
An Econometric Analysis of Unemployment in Great Britain, 1952-75, By P. N. JUNANKAR	387
Labor Market Segmentation and the Development of the Parallel Economy—The Italian Experience, By BRUNO CONTINI	401
Racial Earnings Differentials in the U.K., By ROBERT McNABB and GEORGE PSACHARPOULOS	413
Technological Change, Distributive Bias and Labor Transfer in a Two Sector Economy, By UMA LEIF and JOHN W. MELLOR	426
Increasing Leverage, Potential Failure Rates and Possible Effects on the Macro-Economy, By STEPHEN G. BUELL and ELLI SCHWARTZ	442
The Fungibility Factor in Credit and the Question of the Efficacy of Selective Controls, By GEORGE C. BITROS	459

OXFORD
AT THE CLARENDON PRESS

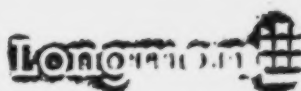
1981

THE REVIEW OF ECONOMIC STUDIES

Vol. XLVIII (4) No. 154

An Introduction to the Theory of Rational Expectations Under Asymmetric Information	Sanford J. Grossman	541
An Empirical Method of Approximating the Separable Structure of Consumer Preferences	S. E. Pudney	561
On the Problem of Missing Data in Linear Models	Christian Gourieroux and Alain Monfort	579
Strategy-Proof Allocation Mechanisms at Differentiable Points	Mark A. Satterthwaite and Hugo Sonnenschein	587
Rawls' Maximin Criterion and Time Consistency: A Generalization	Alvaro Rodriguez	599
Expected Interruptions in Labour Force Participation and Sex-Related Differences in Earnings Growth	Yoram Weiss and Reuben Gronau	607
Earnings by Size: A Tale of Two Distributions	Alan Harrison	621
On the Existence of an Optimal Income Tax Schedule	Mamoru Kaneko	633
Efficiency, Weak Value Maximality and Weak Value Optimality in a Multisector Model	Tapan Mitra	643
A Nonlinear Dynamic Model of Short Run Fluctuations	Garry J. Schinas	649
<i>Notes and Comments</i>		
Consumer Search and Market Equilibria: A Note	Avishay Braverman and Avinash Dixit	657
Expectations and the Dynamics of Devaluation: A Comment	David Burton	659
Stability of Zero Production Under Life-Cycle Savings	Robert M. Costrell	661
On the Complete Solution of the Linear Cournot Oligopoly Model	Wilhelm Gehrige	667
A Note on Weak Separability	F. P. Murphy	671
On the Ricardian Theory of Value: A Note	Luigi L. Pasinetti	673
Index		677

October, 1981


 The logo for Longman, featuring the word "LONGMAN" in a stylized, bold, serif font, with a small graphic element to the right consisting of a square with internal lines.

The Review of Economics and Statistics

VOL. LXIII

NOVEMBER 1981

NUMBER 4

Regulation and the Rising Cost of Hospital Care	Frank A. Sloan	479
Foreign Production and Exports in Manufacturing Industries	Robert E. Lipsey Merle Yahr Weiss	488
An Examination of the Productivity Decline in the Construction Industry	H. Kemble Stokes, Jr.	495
Sources of Productivity Differences among Canadian Manufacturing Industries	Irwin Bernhardt	503
Wage Functions and Occupational Selection in a Rural Less Developed Country Setting	Daniel A. Sumner	513
A Model of an Agricultural Household in a Multi-Crop Economy: The Case of Korea	Choong Yong Ahn inderjit Singh Lyn Squire	520
The Effect of Trade Credit on Price and Price Level Comparisons	Christine R. Hekman	526
Quality of Service and the Demand for Air Travel	James E. Anderson Marvin Kraus	533
The Short-Run Residential Demand for Electricity	Roberta Barnes Robert Gillingham Robert Hagemann	541
The Impact of Wages and Unemployment on Youth Enrollment and Labor Supply	Alan L. Gustman Thomas L. Steinmeier	553
The Impact of the Percentage Organized on Union and Nonunion Wages	Richard B. Freeman James L. Medoff	561
Men and Women in Fiduciary Institutions: A Study of Sex Differences in Career Development	Robert Cabral Marianne A. Ferber Carole A. Green	573
Underreporting and Experimental Effects on Work Effort: Evidence from the Gary Income Maintenance Experiment	David Greenberg Robert Moffitt John Friedmann	581
Employment Status and the Decision to Migrate	Alan M. Schlottmann Henry W. Herzog, Jr.	590
A Model of Unemployment Duration with Variable Search Intensity	Bong Joon Yoon	599
Editorial Collaborators		639
Contents for Volume LXIII		645
NOTES (see back cover)		



PUBLISHED FOR HARVARD UNIVERSITY
BY NORTH-HOLLAND PUBLISHING COMPANY

APR 12 1982

980-F
COMPLETED
27

1.1/2.1982/1
ORIGINAL



2-16
OUR

LIBRARY

PRESENTS...

The Library

U.S. International Trade Commission

Washington, D.C. 20436

BEST DOCUMENT AVAILABLE

LIBRARY DIVISION DIRECTORY

CHIEF, LIBRARY DIVISION...	Dorothy J. Berkowitz	523-0016
Secretary...	Shree Moody	523-0021

TECHNICAL SERVICES UNIT:

Head...	Barbara J. Pruett	523-1764
Catalogers...	Barbara J. Pruett	523-1764
	Maureen Leshendok	523-0018
	Bertina Wilson	523-0019
	Peggy Cox	523-0017
Acquisitions...	Joan Schrock	523-1791
Periodicals...	Delores Edwards	523-0020
Processing...	Frances Cooper	523-1815
	Kevin Dowdy	523-0025

INFORMATION SERVICES UNIT:

Head...	Hennie Schneider	523-0013
Reference...	Hennie Schneider	523-0013
	Steve Kover	523-0013
Interlibrary loan...	Hennie Schneider	523-0013
Micrographics...	Virginia Moss	523-1805

Editor...	Barbara J. Pruett	523-1764
-----------	-------------------	----------

NEW ACQUISITIONS FROM CATALOGING:

Barbara Fruett
Maureen Leshendok
Bertina Wilson
Peggy Cox

F194.G7 Goode, James M.	Capital losses : a cultural history of Washington's destroyed buildings. 1979
HC106.5.U73 United States. Bureau of Economic Analysis.	The detailed input-output structure of the U.S. economy, 1972. 1979
HC106.5.U731 1972 Ritz, Philip M.	Definitions and conventions of the 1972 input-output study. 1980
HC106.6.07 ser. II Organization of American States.	U.S. market profiles, series II : Latin American products included in the U.S. general system of preferences. 1978
HD3626.C19	Competition in international business : law and policy on restrictive practices. 1981
HF1457.062 Organization for Economic Cooperation and Development.	East-West trade : recent developments in countertrade. 1981
HF1532.V3 Vaulont, Nikolaus.	The Customs Union of the European Economic Community / Nikolaus Vaulont. 1981
HF1756.A5 1977ae United States International Trade Commission.	Certain headwear : report to the President on investigation no. TA-201-23 under section 201 of the Trade act of 1974. 1977
HF1756.A5 1977xx United States International Trade Commission.	Softwood lumber consumption, short range predictive models. 1977
HF1756.A5 1977y United States International Trade Commission.	In the matter of certain solder removal wicks : investigation no. 337-TA-26, Commission memorandum opinion in support of the Commission action. 1977
HF1756.A5 1977zz United States International Trade Commission.	Newsprint consumption, short-range predictive model. 1977
HF1756.A5 1981aaac United States International Trade Commission.	Clothespins : report to the President on investigation no. TA-203-12 under section 203 of the Trade act of 1974 . 1981
HF1756.A5 1981hh United States International Trade Commission.	Probable economic effect on domestic industries of the designation of the Peoples Republic of China as a beneficiary developing country for purposes of the U.S. generalized system of preferences : report to the President on USITC investigation no. 332-123 under section 332 of the Tariff act of 1930. 1981
HF1756.A5 1982 United States International Trade Commission.	Hot-rolled carbon steel sheet from France : determination of the Commission in investigation no. 701-TA-85 (preliminary) under section 703(a) of the Tariff act of 1930, together with the information obtained in the investigation . 1982

HF1756.A5 1982a United States International Trade Commission.	Hot-rolled carbon steel plate from Belgium, Brazil, and Romania : determinations of the Commission in investigations nos. 701-TA-83 and 701-TA-84 (preliminary) under section 703(a) of the Tariff act of 1930, and investigation no. 731-TA-51 (preliminary) under section 733(a) of the Tariff act of 1930, together with information obtained in the investigations. 1982
HF1756.A5 1982b United States International Trade Commission.	Hot-rolled carbon steel plate from Romania, Belgium, and Brazil : determinations of the Commission in investigation no. 731-TA-51 (preliminary) under section 733(a) of the Tariff act of 1930, and investigations nos. 701-TA-83 and 701-TA-84 (preliminary) under section 703(a) of the Tariff act of 1930. 1982
HF1756.A5 1982d United States International Trade Commission.	In the matter of certain steel rod treating apparatus and components thereof : investigation no. 337-TA-97. 1982
HF1756.A5 1982f United States International Trade Commission.	Sheet piling from Canada : determination of the Commission in investigation no. 731-TA-52 (preliminary) under section 733(a) of the Tariff act of 1930, together with the information obtained in the investigation. 1982
HF1756.A6A463 1981 United States. Congress. Senate. Committee on Finance.	Nominations of Eugene J. Frank ... : hearing before the Committee on Finance, United States Senate, Ninety-seventh Congress, first session, on nominations of Eugene J. Frank, to be commissioner, United States International Trade Commission ... July 29, 1981. 1981
HF3031.D38 De Saint-Phalle, Thibaut.	Trade, inflation, and the dollar. 1981
HF3031.G37 Flammang, Robert A.	U.S. programs that impede U.S. export competitiveness the regulatory environment. 1981
HF5548.C9 Cypser, R. J.	Communications architecture for distributed systems. 1978
HG136.P7 no. 114 Aschheim, Joseph.	Artificial currency units : the formation of functional currency areas. 1976
HG136.P7 no. 76 Hirschman, Albert O.	How to divest in Latin America, and why. 1969
HG136.P7 no. 89 Modigliani, Franco.	The reform of the international payments system. 1971
HG206.E36 Eckes, Alfred E.	A search for solvency : Bretton Woods and the international monetary system, 1941-1971. 1975
HG4537.072 Organization for Economic Cooperation and Development.	Recent international direct investment trends. 1981

HJ5715.08	Organization for Economic Cooperation and Development.	The impact of consumption taxes at different income levels : a report. 1981
HAPS	National Geographic Society.	National Geographic atlas of the world. 1981
S413.I55		Imperfect markets in agricultural trade. 1981
TN145.E35	Eckes, Alfred E.	The United States and the global struggle for minerals. 1979
TS620.F7	Forest Products Research Society.	Timber demand : the future is now : proceedings. 1981
Z3013.D72	Dorr, Steven R.	Scholars' guide to Washington, D.C., for Middle Eastern studies : Egypt, Sudan, Jordan, Lebanon, Syria, Iraq, The Arabian Peninsula, Israel, Turkey, Iran. 1981

CURRENT CONTENTS FROM THE PERIODICALS DESK

Delores Edwards

The following tables of contents from selected journals are included for informational purposes. These issues are kept on reserve in the Library and may be consulted there. Copies will circulate on request when the next issue is received.

across the board

March 1982

The cover—The author of the article on page 13, her husband and her cat. The couple, earning \$55,000 together, fear that the next rent increase may force them out of their beloved Manhattan. Photograph by Richard Pan.

John Hein

An economist goes to the movies and discovers—

Commentary **More radical sheik**

2



Midge Decter

Terrorists, made in U.S.A.

5

Ellen Karsh

Making it in Manhattan, sort of

13

Robert Jastrow

Evolution, silicon-style
A new, very smart form of existence

18

Khushwant Singh

Poor India

It turns out just about everything it needs and is the world's seventh largest producer of industrial goods. But it is among the poorest of the world's poorest nations. Why?

22



Lester R. Brown

One is enough

The Chinese way of population control

27

Peter Bauer and
Basil Yamey**Foreign aid isn't**

'Without changes, foreign aid will continue to disappoint well-meaning supporters in the West. Worse, it will help policies that impoverish people, retard economic progress. And it will not help the West.'

29

V. S. Naipaul

Appointment in Tehran

36

Philip W. Jackson

For the privileged few:

A report on a visit to a New England boarding school.

42

Sidney Weintraub and
Stanley R. Ross**'Poor United States, so close to Mexico'**

The impact of illegal migration of Mexicans to this country is often seen as parasitic. But it can also be seen as productive.

54

Elisabeth Noelle-Neumann

Post-industrial Germany

62

Irving Radler

Commentary **Silent partners: Employees who embezzle**

70

Letters The harm done by unions
Don't write as you talk

74

Mel Taub

Puzzle **Acrostic**

76

Published 11 times annually (the July and August issues are combined) by The Conference Board Inc. (ISSN 0147-1554) James T. Mills, President, 845 Third Avenue, New York, N.Y. 10022. Printed in North Abington, Mass. Second-class postage paid at Boston, Mass. **Postmaster:** Send address changes to across the board, 845 Third Avenue, New York, N.Y. 10022.

Subscription rates: CB Associate and educational rate, \$15 annually, single copies.

\$1.50 Available to non-Associates, \$30 annually, single copies, \$3.00

Copyright 1982 The Conference Board Inc. Redistribution or reproduction by any means of any part of across the board is prohibited without written permission.

Advertising Manager Harry W. Hochman, Hochman Associates, Inc., 400 East 56 Street, New York, N.Y. 10022 (212) 371-4932

Editor
Managing Editor
Art Director
Picture Editor
Assistant Editor
Assistant to the Editor

Lewis Bergman
Gretchen Griffin Haight
Josef Kozlakowski
Barbara Kaplowitz
Darlene Shiber Sneden
Nancy Boas

THE AMERICAN ECONOMIC REVIEW

ROBERT W. CLOWER
Managing Editor

WILMA ST. JOHN
Production Editor

LOIS J. BAGLEY
Assistant Editor

Board of Editors

ALBERT ANDO
PRANAB K. BARDHAN
G. O. BIERWAG
THOMAS F. COOLEY
PETER A. DIAMOND
W. ERWIN DIEWERT
RONALD G. EHRENBERG
H. E. FRECH III
HERSCHEL I. GROSSMAN
PETER W. HOWITT
LAURENCE J. KOTLIKOFF
ANNE O. KRUEGER
MICHAEL PARKIN
ROY RADNER
NANCY L. SCHWARTZ
JAMES P. SMITH
E. ROY WEINTRAUB
ROBERT D. WILLIG

• Manuscripts and editorial correspondence relating to the regular quarterly issues of this Review and the Papers and Proceedings should be addressed to Robert W. Clower, Managing Editor, AER Editorial Office, University of California, Los Angeles, CA 90024. Manuscripts should be submitted in triplicate and in acceptable form, and should be no longer than 50 pages of double-spaced typescript. A submission fee must accompany each manuscript: \$25 for members; \$30 for nonmembers. Style Instructions for guidance in preparing manuscripts will be provided upon request to the editor.

• No responsibility for the views expressed by authors in this Review is assumed by the editors or the publishers. The American Economic Association.

• Copyright American Economic Association 1982. All rights reserved.

March 1982

VOLUME 72, NUMBER 1

Articles

- | | | |
|--|---|-----|
| Contestable Markets: An Uprising in the Theory of Industry Structure | <i>William J. Baumol</i> | 1 |
| The Theory of Trade in Middle Products | <i>Kalyan K. Sanyal and Ronald W. Jones</i> | 16 |
| Capital Fixity, Innovations, and Long-Term Contracting: An Intertemporal Economic Theory | <i>Robert B. Ekelund, Jr. and Richard S. Higgins</i> | 32 |
| Barriers to Entry | <i>Harold Demsetz</i> | 47 |
| Competitive Market Institutions: Double Auctions vs. Sealed Bid-Offer Auctions | <i>Vernon L. Smith, Arlington W. Williams, W. Kenneth Bratton, and Michael G. Vannoni</i> | 58 |
| Efficient Rules in Highway Safety and Sports Activity | <i>Donald Wittman</i> | 78 |
| An Economic Model of the Brain Drain | <i>Viem Kwok and Hayne Leland</i> | 91 |
| Social Insurance and Consumption: An Empirical Inquiry | <i>Daniel S. Hamermesh</i> | 101 |
| The Schumpeterian Tradeoff Revisited | <i>Richard R. Nelson and Sidney G. Winter</i> | 114 |
| Veteran Status as a Screening Device | <i>Dennis De Tray</i> | 133 |
| Inflation Expectations and the Demand for Housing | <i>Robert M. Schwab</i> | 143 |
| Inflation, Housing Costs, and the Consumer Price Index | <i>Ann Dougherty and Robert Van Order</i> | 154 |
| Valuing Public Goods: A Comparison of Survey and Hedonic Approaches | <i>David S. Brookshire, Mark A. Thayer, William W. Schulze, and Ralph C. d'Arge</i> | 165 |

BEST DOCUMENT AVAILABLE

VOLUME 400

MARCH 1982

THE ANNALS

*of The American Academy of Political
and Social Science*

RICHARD D. LAMBERT, *Editor*
ALAN W. HESTON, *Associate Editor*



THE INTERNATIONALIZATION OF THE AMERICAN ECONOMY

Special Editors of this Volume

J. MICHAEL FINGER

*Senior Economist
World Bank Development Policy Staff
Washington, D.C.*

THOMAS D. WILLETT

*Horton Professor of Economics
Claremont Graduate School
and Claremont McKenna College
Claremont, California*



SAGE PUBLICATIONS BEVERLY HILLS LONDON NEW DELHI

CONTENTS

PREFACE	<i>J. Michael Finger and Thomas D. Willett</i>	9
OVERVIEW		
THE UNITED STATES AND THE WORLD ECONOMY ...	<i>C. Fred Bergsten</i>	11
POWER, POLITICS, AND PROSPERITY: ALTERNATIVE VIEWS OF ECONOMIC INTERDEPENDENCE	<i>Robert D. Tollison and Thomas D. Willett</i>	21
GENERAL POLICY ISSUES		
THE GLOBAL DOLLAR: TRENDS AND ISSUES IN OFFICIAL AND PRIVATE INTERNATIONAL FINANCE	<i>Deborah L. Allen and Leroy O. Laney</i>	29
THE UNITED STATES AND WORLD STAGFLATION: THE EXPORT AND IMPORT OF INFLATIONARY PRESSURES	<i>Thomas D. Willett</i>	38
TRADE AND THE STRUCTURE OF AMERICAN INDUSTRY	<i>J. Michael Finger</i>	45
MULTINATIONAL CORPORATIONS AND FOREIGN INVESTMENT: CURRENT TRENDS AND ISSUES	<i>Jane Sneddon Little</i>	54
IMPACT ON PARTICULAR SECTORS		
IMMIGRANTS IN THE U.S. LABOR MARKET	<i>Barry R. Chiswick</i>	64
THE STEEL INDUSTRY	<i>Hans G. Mueller</i>	73
THE AUTOMOBILE INDUSTRY	<i>Norman S. Finkle</i>	83
THE TEXTILE INDUSTRY	<i>Joseph Pelsman</i>	92
RELATIONS WITH MAJOR AREAS		
ISSUES IN U.S. ECONOMIC RELATIONS WITH WESTERN EUROPE	<i>Sven W. Arndt</i>	101
THE ORGANIZATION OF PETROLEUM EXPORTING COUNTRIES MEMBERS AND U.S. POLICIES	<i>Richard D. Erb</i>	111
U.S. RELATIONS WITH DEVELOPING COUNTRIES: CONFLICT AND OPPORTUNITY	<i>Rachel McCulloch</i>	118
JAPAN'S ECONOMIC IMPACT ON THE UNITED STATES	<i>Leon Hollerman</i>	127
THE INTERFACE OF DIFFERENT SYSTEMS: THE UNITED STATES AND COMMUNIST COUNTRIES	<i>Josef C. Brada</i>	136
BOOK DEPARTMENT		145
INDEX		212



The Columbia Journal of World Business

**VOLUME XVI
NUMBER 3
FALL 1981**

A HIDDEN CAUSE OF AMERICA'S TRADE DEFICIT WITH JAPAN

Page 5

John L. Graham

Graham compares the negotiating techniques of American and Japanese businessmen. He argues that because Americans do not understand the Japanese art of negotiation, much business is unnecessarily lost.

ON REPEALING THE FOREIGN CORRUPT PRACTICES ACT: SURVEY AND ASSESSMENT

Page 16

Suk H. Kim

The Foreign Corrupt Practices Act, enacted by the U.S. Congress in 1977, was intended to upgrade the image of U.S. businesses and institutions tarnished by Watergate and related scandals. The Act makes it unlawful for US companies to influence foreign officials through payments, and requires these firms to maintain strict accounting controls over their assets. Dr. Kim recently surveyed members of Fortune 500 firms to answer one essential question: Should the Act be repealed?

EXPORTER PERCEPTIONS OF THE US REGULATORY ENVIRONMENT

Page 22

Sandra McRae Huszagh

This study analyzes managers' attitudes toward regulations, export barriers and incentives, and other variables affecting their firms' exporting activities. Survey data are factored and correlated with firm size to determine relationships among responses. The analysis covers three different categories of concerns among the respondents: Government interference on firms trying to develop foreign markets; government machinery designed to facilitate export transactions and overseas investments; and government regulatory actions that add costs to producing goods and placing them in foreign markets.

US RESPONSE TO FOREIGN STEEL: RETURNING TO TRIGGER PRICES

Page 32

Heinz J. Dielmann

Dr. Dielmann examines the legal responses of the United States to the impact of imported steel and steel mill products. Emphasis is placed on the recent reimplementation by US authorities of the so-called "trigger price mechanism," a non-statutory procedure, and its interaction with US antidumping law.

Alan C. Leventen

The advent of financial futures has been a historic addition to global financial markets. As such, corporations, banks, and pension funds have been able to engineer specific hedging programs enabling them to avoid most, if not all, of the interest rate exposure of recent years.

THE COMPETITIVE MARKETPLACE ABROAD: A COMPARATIVE STUDY**John R. Darling**

Page 53

Professor Darling attempts to determine how the competitive market positions of various countries' products have changed between 1975 and 1980, according to Finnish consumers. The results of his study indicate the strengths and weaknesses of these countries' marketing activities in meeting the Finnish consumers' needs.

MANAGING POLITICAL RISK: A POLICY APPROACH

Page 63

Alan C. Shapiro

The major benefits to a host country from a foreign investment usually appear at the beginning. Over time, the incremental benefits become smaller and the costs more apparent. Unless the firm continually renews these benefits, by introducing more products, or by expanding output and developing export markets, it is likely to be subject to increasing political risks.

A NEW POLICY ON TARIFFS AND OWNERSHIP FOR LDC's

Page 71

**Robert Bell
Sirousse Tabrizchi**

The principal dilemma facing the policy makers in the area of industrialization relates to the use of tariffs. Without the protection they afford, the growth of modern industry in developing countries is impossible. But once they are instituted, there is a continual pressure for the sustenance of high tariff levels and a minimal urge to improve the efficiency of the domestic industry vis-a-vis the world suppliers. In the face of tariff protection, the industrialists become susceptible to outward and inward inflationary cost factors. The proposal here is to institute a planned system of graduated tariff reduction with a penalty of confiscatory taxation if the planned cost and price reductions do not materialize.

INNOVENTURES: A CASE FOR PUBLIC POLICY REFORMS

Page 77

William H. Brickner

The nation's innoventures (INO's), says Brickner, are typically in high technology industries and thus are critical to future US economic well-being. Brickner, therefore, argues that INO's must be encouraged to grow. Presently, however, these INOs face a variety of challenges and threats.

A MODEL FOR MARKETING IN ECONOMIC DEVELOPMENT

Page 91

**John T. Mentzer
A. Coskun Samli**

The authors present a model illustrating the economic development process and the role of marketing in this process. Particularly, transportation and distribution aspects of economic development and the necessary technology transfer at each stage are emphasized. The authors argue that effectively utilized marketing technology is a prime facilitator of economic development.

BOOK REVIEW**Yair Aharoni—Government Controlled Enterprises by Renato Mazzolini**

Page 102

ECONOMETRICA

JOURNAL OF THE ECONOMETRIC SOCIETY

*An International Society for the Advancement of Economic
Theory in its Relation to Statistics and Mathematics*

CONTENTS

MARK J. MACHINA: "Expected Utility" Analysis Without the Independence Axiom	277
PAUL CHAMPSAUR AND GUY LAROQUE: Strategic Behavior in Decentralized Planning Procedures	325
RICHARD E. ERICSON: Inventory Stability and Resource Allocation Under Uncertainty in a Command Economy	345
CARL A. FUTIA: Invariant Distributions and the Limiting Behavior of Markovian Economic Models	377
C. GOURIEROUX, J. J. LAFFONT, AND A. MONFORT: Rational Expectations in Dynamic Linear Models: Analysis of the Solutions	409
SHIN-ICHI TAKEKUMA: A Support Price Theorem for the Continuous Time Model of Capital Accumulation	427
PAUL MILGROM AND JOHN ROBERTS: Limit Pricing and Entry Under Incomplete Information: An Equilibrium Analysis	443
ROBERT E. HALL AND FREDERIC S. MISHKIN: The Sensitivity of Consumption to Transitory Income: Estimates from Panel Data on Households	461
HALBERT WHITE: Instrumental Variables Regression with Independent Observations	483
PETER SCHMIDT: An Improved Version of the Quandt-Ramsey MGF Estimator for Mixtures of Normal Distributions and Switching Regressions	501
NOTES AND COMMENTS:	
JOHN CONLISK: A Note on Measuring Immobility	
H. OHTA: Welfare Consequences of Spatial Competition: A Note	525
RODNEY J. GRITTLEIN: Dominance Solvable Voting Schemes: A Comment	527
ANNOUNCEMENTS AND NEWS NOTES	529

Brookings Papers on
**ECONOMIC
ACTIVITY** 2

William C. Brainard and George L. Perry, Editors **1981**

Editors' Summary

vii

Articles

WILLEM H. BUITER and MARCUS MILLER
The Thatcher Experiment: The First Two Years **315**
Comments and Discussion 368

STANLEY FISCHER
Relative Shocks, Relative Price Variability, and Inflation **381**
Comments and Discussion 432

ALAN S. BLINDER
Retail Inventory Behavior and Business Fluctuations **443**
Comments and Discussion 506

CHARLES L. SCHULTZE
Some Macro Foundations for Micro Theory **521**
Comments and Discussion 577

Reports

ROBERT SOLOMON
The Debt of Developing Countries: Another Look **593**
Discussion 607

LAWRENCE H. SUMMERS
Measuring Unemployment **609**

Economic Inquiry

Published by  International

Editors

THOMAS E. BORCHERDING
Simon Fraser University
Burnaby, B.C.

JOHN F. CHANT
Simon Fraser University
Burnaby, B.C.

ARTHUR S. DE VANY
University of Houston
Houston, Tx.

Associate Editor

STEPHEN T. EASTON
Simon Fraser University
Burnaby, B.C.

Editorial Board

ARMEN A. ALCHIAN
University of California
Los Angeles

KENNETH J. ARROW
Stanford University
Stanford, Ca.

STANLEY L. ENGERMAN
University of Rochester
Rochester, N.Y.

RICHARD G. LIPSEY
Queen's University
Kingston, Ont.

CHARLES R. NELSON
University of Washington
Seattle

THOMAS R. SAVING
Texas A & M University
College Station

Editorial Assistant

GLADYS ELLEN M. DURKSEN

©Western Economic Association, 1982
California State University, Long Beach.
Printed in the United States of America.
All rights reserved. No part of this issue
may be reproduced in any form, by
photostat, microfilm, by retrieval sys-
tem, or any other means, without written
permission from the publisher.

Volume XX, Number 1

JANUARY 1982

ARTICLES

Risk Perception in Psychology and
Economics *Kenneth J. Arrow* 1

On the Economics of Agricultural Production
Over Time *Theodore W. Schultz* 10

Is Perfect Competition an Empirically
Inadequate Model? *Haim Ofek* 21

Property Rights in Trade
Secrets *Steven N.S. Cheung* 40

Estimating Supply Despite a Quota: Brazil's
Supply of Sugar *Frederick I. Johnson* 54

Educational Screening by Certificates:
An Empirical Test
..... *Pak-Wai Liu and Yue-Chim Wong* 72

The Appropriation of Rents by Boomtown
Governments *Bruce Bender and Steven Shuriff* 84

Some Factors Affecting Mobility
in the Labor Force for
Academic Economists *David E. Ault,*
Gilbert L. Rutman and Thomas Stevenson 104

Labor Market Search: An Experimental Study
..... *Yale M. Braunstein and Andrew Schotter* 133

Imperfect Information and
Price Rigidity *Arnold Kling* 145

The Control of Externalities in a
Growing Urban Economy *Richard V. Butler*
and Michael D. Maher 155

ECONOMICA

Vol. 48

November 1981

No. 192

CONTENTS

A Formal Model of the Long run Phillips Curve Trade-off	
	JOHN SUTTON 329
Staying-on at School in England and Wales	
	CHRISTOPHER A. PISSARIDES 345
Taxation and Labour Supply with Risky Activities	F. A. COWELL 365
The Short-run Demand for Transactions Balances in Australia	
	A. R. PAGAN and P. A. VOLKER 381
On the Interpretation of Inferior Goods and Factors	J. R. GOULD 397
On Mutually Exclusive and Collectively Exhaustive Properties of Demand Functions	MALACHY CAREY 407
On Heritability	PAUL TAUBMAN 417
Book Reviews	421
Books Received	434

Published Quarterly by

THE LONDON SCHOOL OF ECONOMICS

AND POLITICAL SCIENCE

PRICE £4.00 POST FREE

ECONOMICA

Vol. 49

February 1982

No. 193

CONTENTS

Comparative Effects of Devaluation and Import Controls on Domestic Prices	RICHARD CORNES and AVINASH DIXIT	1
Price Leadership: A Theoretical Analysis	YOSHIYASU ONO	11
Productivity, Factor Transfers and Economic Growth in the UK	M. CHATTERJI and M. R. WICKENS	21
Collusion and Price-Cost Margins	V. A. DICKSON	39
The Possibility of Democratic Pluralism. A Comment	JOHN L. WRIGLESWORTH	43
The Welfare Economics of Local Public Spending: An Empirical Approach	MARTIN RAVALLION	49
The Distribution of Public Expenditure on Education	JULIAN LE GRAND	63
Wage Subsidies and Distortionary Taxes in a Mobile Capital Harris-Todaro Model	THOMAS MCCOOL	69
The Male Labour Force Participation Decision: Health, Reported Health, and Economic Incentives	DONALD O. PARSONS	81
Book Reviews		93
Books Received		105

Published Quarterly by

THE LONDON SCHOOL OF ECONOMICS
AND POLITICAL SCIENCE

FOREIGN POLICY

NUMBER 46 SPRING 1982 \$4.00

VIEWS FROM ABROAD

3 Winning East-West
In North-South
Jean-Pierre Cot

19 Beyond Camp David
Sblomo Avineri

37 Silence Is Not Golden
John Dugard

SUPERPOWER TROUBLES

49 Clash Over Poland
Dimitri K. Simes

67 Fixing Atlantic Bridges
Robert J. Art

86 Old Errors In
The New Cold War
Charles William Maynes

105 Cuba Policy Recycled
William M. LeoGrande

120 Tunisia:
Next Friend To Fall?
Claudia Wright

138 Pushing Arms
*Barry M. Blechman,
Janne E. Nolan &
Alan Platt*

155 ABM ABCs
Michael Nacht

175 Dateline West Germany:
The Marred Miracle
G. Thomas Gibson

Harvard Business Review

March-April 1982



Robert Wuthnow	76	The moral crisis in American capitalism
John W. Kiser III	85	Tapping Eastern bloc technology
Robert Ronstadt and Robert J. Kramer	94	Getting the most out of innovation abroad
Thomas F. Garbett	100	When to advertise your company
Donald Gerwin	107	Do's and don'ts of computerized manufacturing
Eric von Hippel	117	Get new products from customers
Charles T. Wood	123	Relate hospital charges to use of services
Jasper H. Arnold III	131	How to negotiate a term loan
Terry W. Rothermel	139	Forecasting resurrected
		Growing concerns
Neil C. Churchill	6	Don't let inflation get the best of you
		Special report
Audrey Freedman and William E. Fulmer	30	Last rites for pattern bargaining
		Keeping informed
David E. Gumpert	50	Entrepreneurship: a new literature begins
		Ideas for action
Robert L. Sproull	62	Cost-effective way to spur private giving
Christopher A. Bartlett and David W. De Long	68	Operating cases to help solve corporate problems
Frank Delano	72	Keeping your trade name or trademark out of court
		For the manager's bookshelf
Eliza G.C. Collins	148	Stepping out of glass slippers
	150	Letters to the editor

INTER ECONOMICS

No. 1 (January/February)
17th Year 1982

EDITORIAL

American Sanctions: Merely a Signal

Klaus Bolz 1

ARTICLES

EC

Half-time in the European Parliament -
Expectations, Reality, Outlook

Rudolf Hrbek 3

STABEX

On the Economic Evaluation of the
Stabex System

Roland Herrmann 7

INTERNATIONAL TRADE

Notes on Unequal Exchange between
Developing and Industrialised Countries

Detlef Lorenz 13

DEVELOPMENT ASSISTANCE

The UK Development Aid Programme and
the British Domestic Economy

R.S. May,
N.C. Dobson 20

RAW MATERIALS

The Use of International Buffer Stocks to
Stabilise Commodity Export Revenue

Herbert Oberhänsli 26

IMF

Conditionality and the Needs of
Developing Countries

Graham Bird 32

INTERNATIONAL TAXATION

Problems of International Development Taxes

Joachim Betz 36

REPORT

OIL

Economic and Political Risks of
World Oil Markets

Jochen H. Mohnfeld 43

ECONOMIC TRENDS

World Economic Trend Still Weak

Günter Großer,
Günter Weinert 49

HWHA Index of World Market Prices of Raw Materials

52

A PUBLICATION OF:

HWHA-Institut für Wirtschaftsforschung-
Hamburg

(Professor Dr. Armin Gutowski,
Dr. Dietrich Kabschull)

EDITORIAL BOARD:

Chief Editor: Dr. Otto G. Mayer

Assistant Chief Editor:

Dr. Klaus Kwasniewski

Editors: Claus Hamann,
Helga Langa, Helga Wenke,
Irene Wilson, Klaus Peter Zanzig

Address:

Neuer Jungfernstieg 21

2000 Hamburg 36

Phone: (0 40) 35 62 306/307

PUBLISHING HOUSE:

Verlag Weltarchiv GmbH, Hamburg

Address:

Neuer Jungfernstieg 21

2000 Hamburg 36

Phone: (0 40) 35 62 500

Advertising Price List:

No. 15 of Jan. 1, 1977

Rates of Subscription:

Single issue: DM 12.-;

Annual rate: DM 60.-

(Students: DM 30.-)

Publication Dates:

bi-monthly (February, April, June,
August, October, December)

Printing:

Buch- und Offsetdruckerei Wunsch,
8430 Neumarkt

Copyright by Verlag Weltarchiv GmbH

Japanese Economic Studies

FALL 1981/VOL. X, NO. 1

Can Japan Export Japanese-Style Management?

Editor's Introduction	iii
JAPANESE-STYLE MANAGEMENT IN AMERICA: MERITS AND DIFFICULTIES	
Mitsuhiko Yamada	1
JAPANESE FIRMS IN ASIA	
Shin'ichi Ichimura	31
HUMAN RESOURCES MANAGEMENT IN OVERSEAS JAPANESE FIRMS	
Hideo Ishida	53

Volume 17, No. 2

November 1981

ISSN 0165-7410

Editors:
DENNIS AIGNER
ARNOLD ZELLNER

Associate Editors:
PIETRO BALESTRA
 Switzerland
MARCEL DAGENAIS
 Canada
ERWIN DIEWERT
 Canada
GORDON FISHER
 Canada

A. RONALD GALLANT
 USA

STEPHEN GOLDFELD
 USA

C.W.J. GRANGER
 USA

ANDREW HARVEY
 UK

JAMES HECKMAN
 USA

NICHOLAS M. KIEFER
 USA

TEUN KLOEK
 The Netherlands

ALAIN MONFORT
 France

DAVID A. PIERCE
 USA

DALE J. POIRIER
 Canada

TAKAMITSU SAWA
 Japan

PETER SCHMIDT
 USA

PETER SCHÖNFELD
 West Germany

ROBERT SHILLER
 USA

P.A.V.B. SWAMY
 USA

JOURNAL OF Econometrics

CONTENTS

Stephen M. Goldfeld and Richard E. Quandt, Econometric modelling with non-normal disturbances	141
Dag Tjøstheim, Granger-causality in multiple time series	157
James B. McDonald and Michael R. Ransom, An analysis of the bounds for the Gini coefficient	177
Badi H. Baltagi, Simultaneous equations with error components	189
Timothy F. Bresnahan, Departures from marginal-cost pricing in the American automobile industry: Estimates for 1977-1978	201
Wynand P.M.M. van de Ven and Bernard M.S. van Praag, The demand for deductibles in private health insurance: A probit model with sample selection	229
Abbas Arabmazar and Peter Schmidt, Further evidence on the robustness of the Tobit estimator to heteroskedasticity	253
News Item	259

THE JOURNAL OF INDUSTRIAL ECONOMICS

Volume XXX

DECEMBER 1981

No.2

MARTIN WILLIAMS and PREM LAUMAS**The Relation Between Energy and Non-Energy Inputs in India's
Manufacturing Industries 113****LEONARD LYNN****New Data on the Diffusion of the Basic Oxygen Furnace in the
U.S. and Japan 123****S. AARONOVITCH and MALCOLM C. SAWYER****Price Change and Oligopoly 137****PAUL LEVINE and SAM AARONOVITCH****The Financial Characteristics of Firms and Theories of Merger
Activity 149****DAVID J. TEECE****Internal Organization and Economic Performance: An Empirical
Analysis of the Profitability of Principal Firms 173****R. S. THOMPSON****Internal Organization and Profit: A Note 201****A. W. DNES****The Case of Monopoly and Pollution 213****ROBERT M. FEINBERG****On the Measurement of Aggregate Concentration 217****LAWRENCE J. WHITE****On Measuring Aggregate Concentration: A Reply 223**



JOURNAL OF INTERNATIONAL BUSINESS STUDIES

TABLE OF CONTENTS

ARTICLES

- 9 Foreign Ownership Effects on NLRB Representation Elections
 - Charles R. Greer and John C. Shearer
- 25 Motives of Non-American Firms Investing in the United States
 - Riad A. Ajami and David A. Ricks
- 35 Marketing Know-How Transfers by Multinationals: A Case Study in Turkey
 - Vern Terpstra and Nizam Aydin
- 49 International Developments and the U.S. Apparel Industry
 - Jeffrey S. Arpan, José de la Torre, and Brian Toyne
- 65 International Integration of Commodity Markets
 - Arvind K. Jain
- 89 Market Forecasting for Dual Economies: The Application and Accuracy of Income Elasticities
 - Heiko de B. Wijnholds
- 99 The Role of Exporter and Freight Forwarder in the United Kingdom
 - Gary J. Davies
- 109 East-West Trade: The View from the United States
 - Robert D. Hisrich, Michael P. Peters, and Arnold K. Weinstein

NOTE

- 123 Is the Foreign Corrupt Practices Act of 1977 a Success or Failure?
 - Suk H. Kim and Sam Barone

BOOK REVIEWS

- 127 *Foreign Enterprise in Developing Countries*, Isaiah Frank
 - William A. Stoeber
- 128 *Foreign Investments and the Management of Political Risk*, Dan Haendel
 - Stephen J. Kobrin
- 130 *Internationalization of the Firm*, Reijo Luostarinen
 - Michael Z. Brooke

Journal of Political Economy

Volume 90

Number 1

February 1982

Articles

- 1 Entrepreneurial Risk Taking, Inequality, and Public Policy: An Application of Inequality Decomposition Analysis to the General Equilibrium Effects of Progressive Taxation
S. M. Ravi Kanbur
- 22 Does Anticipated Monetary Policy Matter? An Econometric Investigation
Frederic S. Mishkin
- 52 Parental Preferences and Provision for Progeny
Jerre R. Behrman, Robert A. Pollak, and Paul Taubman
- 74 A Model of Exchange Rate Dynamics
Michael Mussa
- 105 Inequality Within and Between Families
Eytan Sheshinski and Yoram Weiss
- 128 Inequality in the Local Public Sector
Sam Bucovetsky
- 146 Relative Price Variability and Nonuniform Inflationary Expectations
Alex Cukierman and Paul Wachtel
- 158 PPP Exchange-Rate Rules and Macroeconomic Stability
Rudiger Dornbusch
- 166 Variance Bounds in a Simple Model of Asset Pricing
Ronald W. Michener
- 176 Monetary Stabilization and the Informational Value of Monetary Aggregates
Jeremy J. Siegel

Comments

- 181 A Note on Uncertain Lifetimes: A Comment
Joseph Pezman and Don Rousslang

Journal of World Trade Law

Volume 16 number 1 Jan : Feb 1982

Contents

Editorial *page* 1

The Developing Countries after Cancun
—*Dragoslav Avramović* *page* 3

This article describes the serious financial position of some of the developing countries, not always the poorest, in view of their indebtedness to private banks and the high rate of interest for debt servicing. The author explains how this is creating crisis conditions in both North and South and puts forward proposals for avoiding otherwise inevitable catastrophe.

UNCLOS and the Redistribution of
Ocean Wealth
—*Per Magnus Wijkman* *page* 27

The author considers how the regimes proposed for fisheries, offshore hydrocarbons, and the resources of the deep seabed will affect efficiency in production and will redistribute income between nations, particularly between developed and developing countries.

Technology Economics and
Development—*A. F. Ewing* *page* 49

The author reviews the extent to which technology has been considered within the context of economic theory, and how far it has been regarded as a significant factor in the development process.

The World Wheat Market and
International Agreements
—*Liaquat Ali* *page* 59

A survey is given of the world production and trade in wheat, with a history of the international wheat agreements and the background negotiations for a possible new International Wheat Convention.

CONTENTS

Shorter Articles and Notes

UNCLOS: 1981 Session—*Ursula Wassermann* page 81

An account is given of the tenth session of the Third UN Conference of the Law of the Sea, held in Geneva in August 1981.

UN Energy Conference in Nairobi

—*Ursula Wassermann* page 83

This conference in August 1981 on new and renewable sources of energy (excluding atomic power and oil) adopted a programme of action to be taken in many energy-producing fields.

United Kingdom: Legislation on Deep Sea Mining

—*Geoffrey Marston* page 86

Following the United States and West Germany, Britain has enacted the Deep Sea Mining (Temporary Provisions) Act 1981 providing for licences for the exploitation of the mineral resources of the deep sea bed.

Shorter Notices

page 90

ORBIS

A Journal of World Affairs

VOLUME 25

NUMBER 4

WINTER 1982

Editors' Note 852

Forum: U.S. Policy Toward Sub-Saharan Africa

The Pursuit of Coherence	Richard E. Bissell	853
On Safari - Again	Helen Kitchen	855
Nigeria and the United States	Ali Mazrui	858
The Dimensions of U.S. Policy Toward South Africa	Alan Piér	864
Has Constructive Engagement Died?	John Seiler	867
A Rapprochement with Racism?	Stephen J. Solarz	873

Bridging the Black-White Gulf in Africa	Newell M. Stultz	881
African Flashpoints: Prospects for Armed International Conflict	Raymond W. Copson	903
Things Fall Apart?	Dennis Austin	925
Military Rule and Military Order in Africa	Henry S. Bienen	949
Ideology, Parties, and Foreign Policy in Sub-Saharan Africa	Michael Radu	967
Africa and Foreign Aid: Using Scarce Resources Wisely	Frederick W. Stokeld	993
U.S. Policy Toward Africa: At America's Service?	W. Scott Thompson	1011
Issues of African Diplomacy in the 1980s	I. William Zartman	1025

Review Essays

Winning the War for Zimbabwe	Robert I. Rotberg	1045
Soviet Diplomacy in Africa	Crawford Young	1053

The Review of Economics and Statistics

VOL. LXIV

FEBRUARY 1982

NUMBER 1

The Effect of Unemployment Insurance on Unemployment: The Case of Federal Supplemental Benefits	Robert Moffitt Walter Nicholson	1
Unemployment Insurance and the Reservation Wage of the Unemployed	Raymond P. H. Fishe	12
Fertility and Labor Force Participation in the Soviet Union and Eastern Europe	Paul R. Gregory	18
Effects of Community and Family Background on Achievement	Linda Datcher	32
The Determinants of the Relative Importance of Small Business	Lawrence J. White	42
Organizational Costs. "Sticky Equilibria," and Critical Levels of Concentration	Ralph M. Bradburd A. Mead Over, Jr.	50
The Welfare Implications of Externalities and Price Elasticities for Telecommunications Pricing	James M. Griffin	59
An Analysis of the Impact of Open Entry on Price and the Quality of Service in the Airline Industry	John M. Trapani C. Vincent Olson	67
Campaign Contributions and Congressional Voting: A Simultaneous Probit-Tobit Model	Henry W. Chappell, Jr.	77
The Cross-sectional, Inter-industry Structure of Capital Utilization in a Developing Economy: The Case of S. Korean Manufacturing	Young Chin Kim	84
Depreciation of Housing: An Empirical Consideration of the Filtering Hypothesis	Stephen E. Margolis	90
Estimation of Dynamic Linear Expenditure Functions for Housing	Francis J. Cronin	97
Analysis of Income and Food Expenditure Distributions: A Flexible Approach	James R. Blaylock David M. Smallwood	104
Prices and Market Shares in the International Machinery Trade	Irving B. Kravis Robert E. Lipsey	110
Testing for the Stability of the Investment Function	Noel D. Uri	117
Anticipated Money, Inflation Uncertainty and Real Economic Activity	John H. Makin	126
A Technique for Extracting a Measure of Expected Inflation from the Interest Rate Term Structure	Jeffrey A. Frankel	135
NOTES (see back cover)		



PUBLISHED FOR HARVARD UNIVERSITY
BY NORTH-HOLLAND PUBLISHING COMPANY

100-
COMPLETED

I/C 1.9/2:982/5
ORIGINAL



Carton

*OUR
LIBRARY
PRESENTS...*

The Library
U.S. International Trade Commission
Washington, D.C. 20436

I BEST DOCUMENT AVAILABLE

BEST DOCUMENT AVAILABLE

LIBRARY DIVISION DIRECTORY

CHIEF, LIBRARY DIVISION...	Dorothy J. Berkowitz	523-0016
Secretary...	Shree Moody	523-0021

TECHNICAL SERVICES UNIT:

Head...	Barbara J. Pruett	523-1764
Catalogers...	Barbara J. Pruett	523-1764
	Maureen Leshendok	523-0018
	Bertina Wilson	523-0019
	Peggy Cox	523-0017
Acquisitions...	Joan Schrock	523-1791
Periodicals...	Delores Edwards	523-0020
Processing...	Frances Cooper	523-1815
	Kevin Dowdy	523-0025

INFORMATION SERVICES UNIT:

Head...	Hennie Schneider	523-0013
Reference...	Hennie Schneider	523-0013
	Steve Kover	523-0013
Interlibrary loan...	Hennie Schneider	523-0013
Micrographics...	Virginia Moss	523-1805

Editor...	Barbara J. Pruett	523-1764
-----------	-------------------	----------

May, 1982

NEW ACQUISITIONS FROM CATALOGING:

Barbara Pruett
Maureen Leshendok
Bertina Wilson
Peggy Cox

International Trade Centre. The market for dehydrated vegetables in selected European countries, the United States of America and Japan. 1981

HC115.E33

Economic policy advising in Canada : essays in honour of John Deutsch. 1981

HC371.A4

Sweden. Statistiska Centralbyran.

Swedish enterprises operating abroad : the seventies--a decade of change. 1980

HC462.U6 1981

United States. Congress. Joint Economic Committee.

Japanese and American economic policies and U.S. productivity : hearings before the Subcommittee on Monetary and Fiscal Policy and the Subcommittee on Trade, Productivity, and Economic Growth of the Joint Economic Committee, Congress of the United States, Ninety-seventh Congress, first session, June 23 and July 28, 1981. 1981

HC517.S75A6 1981

American University. Washington, D.C. Foreign Area Studies.

South Africa, a country study. 1981

HD82.M2

McFadzean, Frank Scott.

Global strategy for growth : a report on North-South issues. 1981

HD2807.G78

Gordon, Marsha.

Government in business. 1981

HD6983.D39

DeMilner, Lawrence E.

Indexing with the consumer price index : problems and alternatives. 1981

HD9980.S32

Sapir, André.

Trade in services : economic determinants and development-related issues. 1981

HE743.U62 1981

United States. Congress. Senate. Committee on Agriculture, Nutrition, and Forestry.

Cargo preference laws as they relate to Public Law 480 : hearing before the Subcommittee on Foreign Agricultural Policy of the Committee on Agriculture, Nutrition, and Forestry, United States Senate, Ninety-seventh Congress, first session, Friday, July 10, 1981. 1981

HF1052.U59

United States. Dept. of State.

International commodity agreements : new wave or ebb tide? 1981

HF1411.M34

Malmgren, Harald B.

Changing forms of world competition and world trade rules. 1981

HF1456.M65

Mikesell, Raymond Frech.

U.S. export competitiveness in manufactures in Third World markets. 1980

HF1456.U6432 1982

United States. Congress. Joint Economic Committee.

U.S. international economic policy in the 1980's : selected essays. 1980

HF1456.U683 1981

United States. Congress. Senate. Committee on Finance.

Oversight of U.S. trade policy : joint hearings before the Subcommittee on International Trade of the Committee on Finance and the Subcommittee on International Finance and Monetary Policy of the Committee on Banking, Housing, and Urban Affairs, United States Senate, Ninety-seventh Congress, first session. 1981

HF1532.U43
United States. Congress.
Joint Economic Committee.
Monetary policy, selective credit policy,
and industrial policy in France, Britain,
West Germany, and Sweden : a staff study.
1981

HF1756.A5 1977af
United States
International Trade
Commission.
Pressure sensitive plastic tape from Italy
: determination of injury or likelihood
thereof in investigation no. AA 1921-167
under the Antidumping act, 1921, as amended.

HF1756.A5 1977ag
United States
International Trade
Commission.
Pressure sensitive plastic tape from West
Germany : determination of no injury or
likelihood thereof in investigation no.
AA1921-168 under the Antidumping act, 1921,
as amended, together with the information
obtained in the investigation. 1977

HF1756.A5 1977ak
United States
International Trade
Commission.
Malleable cast-iron pipe and tube fittings
: report to the President on investigation
no. TA-201-26, under section 201 of the
Trade act of 1974. 1977

HF1756.A5 1977ap
United States
International Trade
Commission.
Animal glue and inedible gelatin from
Yugoslavia, Sweden, the Netherlands, and
West Germany : determinations of injury or
likelihood thereof in investigations nos.
AA1921-169, 170, 171 and 172 under the
Antidumping act, 1921, as amended, together
with the information obtained in the
investigations. 1977

HF1756.A5 1977au
United States
International Trade
Commission.
High carbon ferrochromium : report to the
President on investigation no. TA-201-28
under section 201 of the Trade act of 1974.
1977

HF1756.A5 1982h
United States
International Trade
Commission.
Unrefined montan wax from East Germany :
report to the President on investigation no.
TA-406-7 under section 406 of the Trade
act of 1974. 1982

HF1756.A5 1982k
United States
International Trade
Commission.
Casein, mixtures in chief value of casein,
and lactalbumin : report to the President
on investigation no. 22-44 under section 22
of the Agricultural adjustment act. 1982

HF1756.A6A464 1981
United States. Congress.
Senate. Committee on
Finance.
Nomination of Alfred E. Eckes, Jr. :
hearing, Ninety-seventh Congress, first
session, on nomination of Alfred E. Eckes,
Jr., to be a commissioner of the U.S.
International Trade Commission, September
15, 1981. 1981

HF3031.G37
Flammang, Robert A.
U.S. programs that impede U.S. export
competitiveness: the regulatory environment.

HF3031.G371
Georgetown University,
Washington, D.C. Center
for Strategic and
International Studies.
World trade competition : Western countries
and Third World markets. 1961

HF3031.R45
Rhine, Shirley Hoffman.
The impact of regulations on U.S. exports.
1981

HG459.U4 1980 United States. Bureau of the Mint.	Domestic and foreign coins manufactured by mints of the United States, 1793-1980. 1981
HG4539.U52 1977 United States. Bureau of Economic Analysis.	U.S. direct investment abroad, 1977. 1981
HJ6615.V2	The Value-added tax : lessons from Europe. 1981
HJ6650.U6 United States. Customs Service.	Customs valuation under the trade agreements act of 1979. 1981
JK417.U72G62 1978 United States. Congress. Senate. Committee on Governmental Affairs.	Oversight of the government in the Sunshine act, Public Law 94-409 : hearings. 1978
ML100.A7 1969 Apel, Willi.	Harvard dictionary of music. 1969
RS187.G6 1980 Goodman, Louis Sanford.	Goodman and Gilman's The pharmacological basis of therapeutics. 1980
S441.T5 Thompson, Robert L.	A survey of recent U.S. developments in international agricultural trade models. 1981
S567.U533 1979 United States. Dept. of Agriculture. Economics and Statistics Service.	Economic indicators of the farm sector : production and efficiency statistics, 1979. 1981
SB351.I6 1981 International Trade Centre.	The market for dehydrated vegetables in selected European countries, the United States of America and Japan. 1981
SB401.C6I7 1979 Intergovernmental Group on Hard Fibres.	Coir statistics, 1974-1979 = Statistiques sur les fibres de coco, 1974-1979. 1979
SF269.U52 1981 United States. Congress. House. Committee on Agriculture.	Sale of butter to New Zealand : hearing before the Subcommittee on Livestock, Dairy, and Poultry of the Committee on Agriculture, House of Representatives, Ninety-seventh Congress, first session, September 10, 1981. 1981
TK6560.U515 1981 United States. Congress. House. Committee on Energy and Commerce.	Telecommunications and information products and services in international trade : hearings. 1981
TK7809.B7 1982 Borrus, Michael.	International competition in advanced industrial sectors : trade and development in the semiconductor industry : a study prepared for the use of the Joint Economic Committee, Congress of the United States. 1982
TL521.B6 Bluestone, Barry.	Aircraft industry dynamics : an analysis of competition, capital, and labor. 1981
TN27.5.M3 Martino, Orlando D.	Mineral industries of Latin America. 1981
TN780.G6 Gluschke, Wolfgang.	Copper, the next fifteen years. 1979

DTC

CURRENT CONTENTS FROM THE PERIODICALS DESK

Delores Edwards

The following tables of contents from selected journals are included for informational purposes. These issues are kept on reserve in the Library and may be consulted there. Copies will circulate on request when the next issue is received.

across the board

April 1982

The cover—in "Another Life," a soap put on by the Christian Broadcasting Network, Lori Davidson marries Dr. Ben Martin. Page 10

Thomas A. Watson, Jr.	Commentary	'I believe that thermomuclear weapons are good for two things: for deterrence, or for suicide.'	2
Gretchen Griffin Haight		WORKOUT A visit to an executive fitness center	5
William Martin		God's little network A report on the Christian Broadcasting Network (CBN), founded by "Pat" Robertson, who wants to offer American TV viewers a real alternative to the programming in the Big Three networks	10
Ann Barry		Women in the workplace—TV style	18
Edgar R. Friedler		A whiff of the Thirties	22
Lora S. Collins		Do deficits matter?	27
John O'Toole		What advertising is—and isn't	32
			
James Kelly	Books	Unhidden persuader	44
Jane Adams		Conversation with a successful man	47
Susan Strasser		The good old days	53
David Henshaw	Commentary	One in eight in Great Britain The Road to Preston	61
James Fralick		Rx for treatment of hyper health-care costs	64
John Hein	Books	excellent. Not so good! <i>A Dictionary of Euphemisms & Other Doubletalk</i> by Hugh Rawson	70
			
	Letters	Smith College objects An engineer objects An engineer replies	73
Jack Luzzatto	Crossword Puzzle	Largesse	76

Published 11 times annually (the July and August issues are combined) by The Conference Board Inc. (ISSN 0147-1554), James T. Mills, President, 845 Third Avenue, New York, N.Y. 10022. Printed in North Abington, Mass. Second-class postage paid at Boston, Mass. Postmaster: Send address changes to across the board, 845 Third Avenue, New York, N.Y. 10022.

Subscription rates: CB Associate and educational rate, \$15 annually, single copies,

\$1.50. Available to non-Associates, \$30 annually, single copies, \$3.00.

Copyright 1982 The Conference Board Inc. Redistribution or reproduction by any means of any part of across the board is prohibited without written permission.

Advertising Manager: Harry W. Hochman, Hochman Associates, Inc., 4200 East 56 Street, New York, N.Y. 10022 (212) 371-4932.

Editor
Managing Editor
Art Director
Picture Editor
Assistant Editor
Assistant to the Editor

Lewis Bergman
Gretchen Griffin Haight
Josef Kozlakowski
Barbara Kaplowitz
Darlene Shiber Sneden
Nancy Boas

Challenge

CONTENTS

MAGAZINE OF ECONOMIC AFFAIRS

EDITORIAL ADVISORY BOARD

Kenneth J. Arrow
Carolyn Shaw Bell
Barbara R. Bergmann
Kenneth E. Boulding
Andrew F. Brimmer
Robert L. Heilbroner
Walter W. Heller
Albert O. Hirschman
Robert Lekachman
Wassily Leontief
George W. McKinney, Jr.
Robert V. Roosa
Paul A. Samuelson
Robert M. Solow

EDITORIAL STAFF

Editor and Publisher:
MYRON E. SHARPE

Executive Editor:
RICHARD D. BARTEL

Associate Editor:
JACQUELINE STEINER SHARPE

Production Manager:
THERESA HUGHES

Advertising Manager:
DEBORAH GLASSEROW

Credits: The drawings on the cover and pages 5-11, 14, and 18 are by Philippe Weisbecker; and on pages 34, 37, and 45, by Hank Virgona.

MARCH/APRIL 1982

ARTICLES

- 5** Michael J. Piore *American Labor and the Industrial Crisis*
- 12** Walter Adams *Mega-Mergers Spell Danger*
- 18** Anthony M. Solomon *New Strategies for the Federal Reserve?*
- 25** INTERVIEW C. Fred Bergsten *The Villain Is an Overvalued Dollar*
- 33** Alfred S. Eichner *Reflections on Social Democracy*
- 43** Jeffrey J. Schott *Can World Trade Be Governed?*

DEPARTMENTS

- 2** *In This Issue* Richard D. Bartel
- Comment
- 50** THE GROWLERY: Jack Barbash *The Guilds of Academe*
ABROAD: Gustav Ranis *My Three Surprises: China 1981*
- Review
- 57** Robert L. Heilbroner *Capitalism, Socialism, and Democracy* by Joseph A. Schumpeter
- 63** Letters to the Editor
- 65** For Further Reading

Vol. 25 No. 1

Challenge (ISSN 0577-5132) is published bimonthly (March/April, May/June, July/August, September/October, November/December, January/February) by M. E. Sharpe, Inc. Subscription rates for U.S. and Canada: Institutions—\$30.00 a year; \$50.00 for 2 years; \$75.00 for 3 years; \$5.00 for individual copies. Individuals—\$25.00 a year; \$42.00 for 2 years; \$60.00 for 3 years; \$4.25 for individual copies. Foreign rates: add \$2.00 per year.

All correspondence should be addressed to *Challenge*, 80 Business Park Drive, Armonk, N.Y. 10504. Copyright © 1982 by M. E. Sharpe, Inc. All rights reserved.

Second-class postage paid at Armonk, N.Y., and at additional mailing offices. Postmaster: send address changes to *Challenge*, 80 Business Park Drive, Armonk, N.Y. 10504.

The policy of *Challenge* is freedom for diversity. Every author speaks for himself; none for the Editorial Advisory Board. Editorials express the opinion of the editor only.

NO. 365

MARCH 1982

VOL. 92

The ECONOMIC JOURNAL

THE QUARTERLY JOURNAL OF THE
ROYAL ECONOMIC SOCIETY

ARTICLES

Wages and Unemployment	E. MALINVAUD	1
Why U.S. Wage and Employment Behaviour Differs from that in Britain and Japan	R. J. GORDON	13
Unemployment, Wages and Government Policy	A. B. ATKINSON	45
Wages and Unemployment: A General Framework	S. NICKELL	51
An Economic Theory of Central Places	B. C. EATON and R. G. LIPSEY	56
Multilateral Comparisons of Output, Input and Productivity using Superlative Index Numbers	D. W. CAVES, L. R. CHRISTENSEN and W. E. DIEWERT	73
Exploitation, Alternatives and Socialism	J. E. ROEMER	87
Imperfect Capital Markets and the Monetarist Black Box: Liquidity Constraints, Inflation and the Asymmetric Effects of Interest Rate Policy	R. JACKMAN and J. SUTTON	108
Vertical Integration, Variable Proportions and Oligopoly	M. WATERSON	129
Modelling the Effects of Income Growth and Discretionary Change on the Sensitivity of UK Income Tax Revenue	J. P. HUTTON and P. J. LAMBERT	145

NOTES AND MEMORANDA

Comment from a Not Quite Empty Box	W. W. ROSTOW	156
Profit, Relative Prices and Unemployment: A Comment	J. TAYLOR and J. CUNNINGHAM	161
Profit, Relative Prices and Unemployment: A Reply	R. MORLEY	170
On the Theory of Effective Demand	G. WEINRICH	174
Thesis Titles for Degrees in the United Kingdom 1980/81 and 1981/82		176

THESIS TITLES

REVIEWS (For a list of books reviewed see outside back cover)

NOTES ON NEW BOOKS and Books received

CURRENT TOPICS

CAMBRIDGE UNIVERSITY PRESS

The Economist



A dagger before him?

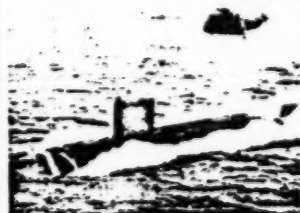
Jenkins leads Britain's centre to the right, page 11, but it splits, page 26. Hillhead's splash, and some cheery sums for Labour, page 21. Cranks, page 22, and militants, page 23.

Cut don't freeze

So start Start, Mr Reagan, page 13. Degrees of frost in congress, page 49.

Dis-electing Begin

What to say to Israel, page 15. Why so many Israelis like him, page 69.



The old Superb

Off to see those Argentines off?, page 70.

Men carrying cans

France's prime minister, page 37. Iraq's president, page 68.

Booby-trapped

Peace women in Russia, and East German refugees, page 38.

Big beer

Brewery takeovers, page 89.

Subatomic mystery

The extraordinary power of quantum physics, pages 93-98. Into supercomputers, pages 100-101.

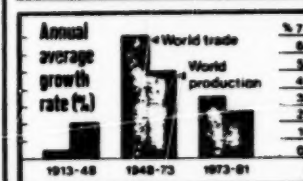
Elected to kill

What Mr Reagan has to explain to Major d'Aubuisson, page 12. El Salvador ignores the left to vote for the right against the middle, page 13. Mexico seesaws, page 68. Embattled neighbours: the second part of our central American report, pages 57-64.



Gong and triangle

How to interpret China's percussion over Taiwan, page 14. Muted in Peking, page 72. Foreign contracts, and Dr Hammer's deal, page 87.



World trade

Faltering, page 16.

Low summit

The EEC at 25, page 45.

Schools brief

On Britain's riots, pages 34-35.



Los Angeles

Somewhere serious. A survey after page 56.

APRIL 3, 1982

Volume 283 Number 7231

World politics and current affairs

- 11 Is this a dagger before Roy Jenkins?
- 12 Elected to kill in El Salvador
- 13 Who's content with nuclear freezing?
- 14 One China, two fauds
- 15 A message to Israel
- 16 The first trade lesson
- 18 Waiting for System X to ring
- 21 **Britain:** Jenkins makes a splash; *Hillhead and the next election; Health service; Changing election procedures; Labour party; Monopolies on domestic air routes; Liberals and SDP; High technology; Energy; British Rail; The economy; Movies*
- 34 **Schools Brief:** How Britain's riots began
- 37 **Europe:** A rose overblown in France; *East Germany; Peace women in Russia; Poland; Poland's press; Ireland; Holland. European Community:* An economic community without an economic policy; *Car wars; End-of-term report; Irish commissioner*
- 49 **American Survey:** Degrees of nuclear freeze; *AT & T; Democrats; Senator Hollings; New York; Vietnam memorial*
- 56 **Los Angeles:** Coming of age: a survey
- 57 **Central America's war:** Revolution on a leash
- 67 **International:** So that's what El Salvador wants; *Mexico; Iraq; Jordan; Israel; Falklands; Vietnam; Nepal; Namibia and the UN; South Africa; China*

Business, finance and science

- 75 **This week**
- 77 **World Business:** Is Nigeria Opec's graveyard?; *Boeing and tax breaks; Alaskan gas pipeline; Canadian television; Government procurement; West German unions; Japanese yen; Chinese contracts; Armand Hammer; White Castle hamburgers; Oysters*
- 89 **Finance:** Battle of the brewers turns into a bear garden; *Canadian banks' profits; British Aerospace; American shares; World Bank; Österreichische Länderbank*
- 93 **Science and Technology:** The power and the mystery of the subatomic world: a six-page review of quantum physics
- 100 **Science Brief:** Computer grand prix

Books and letters

- 103 **Books:** Quangos; *British political finance; Roy Campbell; Nuclear arms; Gold; Industrialisation; Ming tombs*
- 4 **Letters**

© The Economist Newspaper Ltd, London, 1982. Printed in the USA



Subscription service

Subscription Department, The Economist Newspaper Limited, P.O. Box 2700, Woburn, Ma. 01890, U.S.A.

Please enter a subscription for 1 year. I enclose payment of

- | | | | |
|---|------------------------------------|----------|------------------------------------|
| USA | ☐ US\$85.00 | Students | ☐ US\$52.00 |
| Canada | ☐ US\$85.00 | Students | ☐ US\$52.00 |
| Mexico | ☐ US\$85.00 | Students | ☐ US\$52.00 |
| ☐ Bill me later ☐ Quarterly index, USA, Canada & Mexico US\$12.00 | | | |

Name

Address

City

State

Zip code

Organisation

(name)

(address)

USCP

The Economist



By jingo

The stakes are bigger than the Falklands, page 11. The fleet at sea, why it sailed, what it—and others—might do, pages 19-27. Stocks hit, page 84



Iran's triumph

The west's interest in an end to the Gulf war—and an unrampant Iran, page 13



God's general

The Pope organises his troops for a counter-offensive, pages 66-67

After Brezhnev

Form guide for the Kremlin stakes, page 59. Faint life after Solidarity's death, page 60

Mushroom-free

Will you pay the price of "no first use" of nuclear weapons? page 52. Anti-nuclear wave reaches Japan, same page

An Apel a day

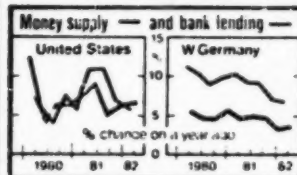
How Helmut Schmidt proposes to save himself, page 60

Taiwan ho

Arms are coming, so's the row with China, page 51

Quiet, please

Why Reagan wants a less open America, page 39



Money supplies slow

But interest rates stay up, page 74

Anti-antitrust

Flummoxes Wall Street, page 83

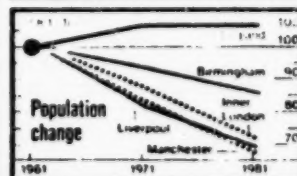


Sphinx shrinks

Too much salt, page 53

Martyrs wanted

By Britain's TUC, page 29



Emptier cities

And sadder. Schools brief, page 35. Poor Bradford, page 32

Prior's plan

For Ulster, page 14

Infertility

Fertile ideas, page 87

APRIL 10, 1982

Volume 283 Number 7232

World politics and current affairs

- 11 By jingo, if we can
- 13 The shaming of Saddam Hussein
- 14 Mr Prior's magnetic bottle
- 19 **Falkland Islands:** Will two weeks' steaming let off the pressure?; *British politics; Argentine politics; United States; Intelligence; Sanctions; The islanders*
- 29 **Britain:** Small argument at TUC, nobody hurt at all; *Tories; Inflation; Police power; Copyright; Bradford; Housing; Electricity*
- 35 **Schools Brief:** What went wrong with the inner cities
- 39 **American Survey:** One man's secret, another man's right to know; *Tax; Reagan on radio; Refugees; Farming; The south; Newark; St Louis; The press*
- 51 **International:** China and America: Much more to lose than their pride; *Nuclear policy; Japan; Egyptian antiquities; Malaysia; Namibia; South Africa; France and Africa; Mediterranean*
- 59 **Europe:** A secret policeman's ball in the Kremlin?; *West Germany; Poland; President Pertini; EEC farm prices; March in the EEC*
- 66 **The Pope at Easter:** Drawing up the battle-lines for God's counter-offensive

Business, finance and science

- 69 **This week**
- 71 **World Business:** France's planners spell Socialism with a big S; *Greek industrial policy; The Ruhr and Basque regions; Monetary policy; Turkish economy; Textile trade; IBM and Arndahl; Oxford Instruments; Bowater; South American cars; Rubber; Botswana diamonds*
- 80 **Business Brief:** Timesharing: Doing time on holiday
- 83 **Finance:** Will America's trustbusters free the Fortune 500?; *The Falklands and the London stock market; Russian gas pipeline; Japanese sarakin; British investment trusts; Norcen/Hanna*
- 87 **Science and Technology:** Alternatives to test-tube babies; *Retail banking; Demon nuclei; Electric power*

Books and letters

- 91 **Books:** Joe Gormley; *Lou's B. Mayer; Skyscrapers; Anglo-American relations; Scottish biographies; The left in France; John Mortimer*
- 4 **Letters**

The Economist Newspaper Ltd, London, 1982. Printed in the USA

Subscription service

Subscription Department, The Economist Newspaper Limited, P.O. Box 2700, Woburn, Ma 01808, U.S.A.

Please enter a subscription for 1 year. I enclose payment of

- | | | | |
|---|------------------------------------|----------|------------------------------------|
| USA | ☐ US\$85.00 | Students | ☐ US\$52.00 |
| Canada | ☐ US\$85.00 | Students | ☐ US\$52.00 |
| Mexico | ☐ US\$85.00 | Students | ☐ US\$52.00 |
| ☐ Bill me later ☐ Quarterly Index, USA, Canada & Mexico US\$12.00 | | | |

Name

Address

City

State

Zip code

Organisation

(name)

(address)

USCF

The Economist



Falklands so firmly

No give by Margaret Thatcher brings her support—and a deal? pages 11-13 The political shifts and the military options pages 19-29 Our poll, page 21



Money, money

Will Reagan do a budget deal? page 43 His new federalism withers, page 44

Forgotten senators

Meet the latest, page 51

Munich test

Mr Schmidt's Social Democrats hit a new nadir a week before their party congress, page 61

Nouveaux samurai

Love-hate between France and Japan, page 63

Groans of Zurich

What went wrong in Europe's richest, hardest city, page 62

Caput

EEC farm policies, page 16

Neil Aggett

Voice from the dead, page 55



Begin's pounce

Cat-and-mouse war games, page 14 Palestinian slings versus Israeli bullets, page 53 Jordan says fight on, and Syria's sideswipe at Iraq, page 54

Britain's money

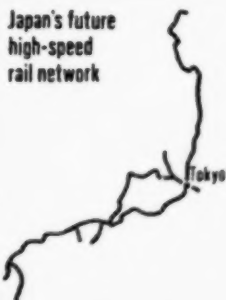
In a maze, page 34



Big goes bust

How to prosper by growing smaller and more intrapreneurial, pages 67-72

Japan's future high-speed rail network



Japan's fast trains

Make big losses, page 96 But workers prosper, page 82

APRIL 17, 1982

Volume 283 Number 7233

World politics and current affairs

- 11 **Falkland Islands:** The principle
- 12 The prime minister
- 13 The options
- 14 Begin's three bad choices
- 16 Europe's farmyard follies
- 19 **Falkland Islands:** The fleet gets closer than a solution, Haig's shuttle, The task force, Britain's public opinion, Military options, Argentina, Latin America World press Trade, Spain and Gibraltar
- 31 **Britain:** Data privacy? Don't bank on it, Islamic education Research, D. C. Thomson, Local government, Monetary policy, Health services, Airlines, CEEB
- 39 **Schools Brief:** The rise and fall of immigration
- 43 **American Survey:** To kill a budget monster, Federalism, Schools, Foreign aid, New York, Appointed senators
- 53 **International:** On Palestinian rooftops the old mourn their young, Jordan, Syria and Iraq, South Africa, Caribbean, Dominican Republic, Sierra Leone, Indonesia
- 61 **Europe:** Schmidt on the blink, East Germany, Switzerland's riots, France and Japan, Poland **European Community:** The train from Spain is due in Brussels on time in 1984
- 67 **Intrapreneurial now:** A survey by Norman Macrae

Business, finance and science

- 75 **This week**
- 77 **World Business:** Pleasing all is harder now Malaysia has lost its bounce, Cuban economy, American corporate profits, Japanese wage round, Norwegian labour, Norway's economy, Talbot and Iran, Generic drugs, Office automation, American copyright laws, Remploi
- 91 **Finance:** Stocks caught between Paul Volcker and the deep blue sea, French stock market index, Florida National Banks, Chilean private pensions, Midwest scandals
- 96 **Business Brief:** No way to run a Japanese railway
- 99 **Science and Technology:** Look what you can do with computer graphics, Ceramic engines, Darwin's second century

Books and letters

- 105 **Books:** William Cobbett, *English middle class*, William and Mary Wordsworth, *The dollar*, Ethnic America, Nuclear weapons
- 4 **Letters**

© The Economist Newspaper Ltd, London, 1982. Printed in the USA

The Economist

Subscription service

Subscription Department, The Economist Newspaper Limited
P.O. Box 2700, Woburn, Ma 01801, U.S.A.

Please enter a subscription for 1 year. I enclose payment of

- | | | | |
|---|------------------------------------|-----------------------------------|------------------------------------|
| ☐ USA | ☐ US\$65.00 | ☐ Students | ☐ US\$52.00 |
| ☐ Canada | ☐ US\$65.00 | ☐ Students | ☐ US\$52.00 |
| ☐ Mexico | ☐ US\$65.00 | ☐ Students | ☐ US\$52.00 |
| ☐ Bill me later ☐ Quarterly Index, USA, Canada & Mexico US\$12.00 | | | |

Name

Address

City

State

Zip code

Organisation

(name)

(address)

US\$

The Economist



Sail on

No soft Falklands options for Britain yet, page 13. Preparations for war and diplomacy in Whitehall, Washington and Buenos Aires, pages 21-28. Our poll shows Britons swinging Tory, page 27.



Antarctic

Matters. So does a conference on law of the sea, page 14.

Mullah

Bashes ayatollah, page 62. Iraq's retreat is not a rout, page 61.

Call it divorce

Or serial polygamy. It's soaring in Britain, page 16. And few can afford it anywhere, pages 75-84.

Trade wars

Japan and the west, page 87. Gatt as referee, page 93.

Red tapes

What the Polish commissar told the party, page 71.

Etack

Spain's terrorists won't lie down, page 71.



Sinai watershed

Thoughts for Israel, page 15. Unto dust Sinai returns, page 59. Raid on Lebanon; what next for Mubarak?, page 60.

Oil glut

Opec's response, page 100. China's boost, page 105.



Survivors

Helmut Schmidt lives on, page 69. Italy's Spadolini too, page 70.

Brrrrr

America's nuclear-freeze movement, page 49.

Risk businesses

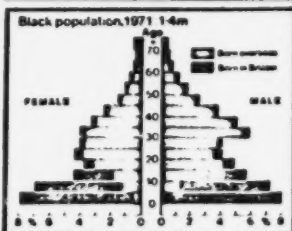
World insurance, page 110. Airlines, page 18. Especially in America, page 95.

Alliance prospects

In Britain's local elections, page 34.

Bell Labs

Less basic research?, page 113.



Street unrest

Returns to London with the spring, page 33. Race relations brief, page 45.

APRIL 24, 1982

Volume 283 Number 7234

World politics and current affairs

- 13 **Falkland Islands:** Sail on
- 14 The encircling sea
- 15 The Sinai watershed
- 16 One bust British marriage in three?
- 18 Fly me, I'm insured
- 21 **Falkland Islands:** Jaw-jaw continues as war-war approaches; **Argentina; United States; Whitehall's war machine; Battle order; British public opinion; Galtier's economy**
- 33 **Britain:** The start of a long, hot summer?; **Local elections; SDP; Chevaline; Education; Art theft; Independent television; British Steel; Civil service pay; Company liquidity; Los Angeles Philharmonic**
- 45 **Schools Brief:** Relating Britain's races
- 49 **American Survey:** Spring is here, it's time to freeze nuclear weapons; **The economy; Federal lands; Savings and loans; Poverty; Private schools; Pirate radio**
- 59 **International:** Sinai: A blooming desert is ploughed back into sand; **Lebanon; Egypt; Iraq and Iran; Iran; Canada; Nicaragua**
- 69 **Europe:** Fudging but no appeasement in Munich?; **Italy; France; Spain; Poland; Liechtenstein. European Community:** A multinational bone for Europe's hungry unions; **Tell the workers; Who pays what**
- 75 **Divorce:** And money. A six-page study

Business, finance and science

- 85 **This week**
- 87 **World Business:** Japan's trade war with the west goes from cold to hot; **Gatt; Aluminium; Pan Am and Braniff; Sumitomo in America; Texas Instruments; Wickes; India's car industry; Oil stocks; France**
- 105 **Finance:** China's offshore oil will fuel Hongkong's stock market; **Empire Stores; Canadian brokers; Coppola's studio; Indexed gilts; Rumanian debt; Merchant banks**
- 110 **Business Brief:** The risky world of insurance
- 113 **Science and Technology:** Will trust-busting turn Bell Labs into a closed shop?; **Space launchers; Semi-customised chips; Immunisation; A lethal mystery; Mass extinctions**

Books and letters

- 119 **Books:** Alanbrooke; **Institutional investors; Rab Butler; Italian cinema; Regional government; Bronislava Nijnska; Yankee doodles**
- 6 **Letters**

© The Economist Newspaper Ltd. London, 1982. Printed in the USA

Subscription service

Subscription Department, The Economist Newspaper Limited
P.O. Box 2700, Woburn, Ma. 01808, U.S.A.

Please enter a subscription for 1 year. I enclose payment of ...

USA	☐ US\$85.00 Students	☐ US\$52.00
Canada	☐ US\$85.00 Students	☐ US\$52.00
Mexico	☐ US\$85.00 Students	☐ US\$52.00

☐ Bill me later ☐ Quarterly Index, USA, Canada & Mexico US\$12.00

Name _____

Address _____

City _____

State _____ Zip code _____

Organisation _____

(name)
(address)
USCF

FOREIGN AFFAIRS



SPRING 1982

Nuclear Weapons and the Atlantic Alliance

*McGeorge Bundy, George F. Kennan,
Robert S. McNamara and Gerard Smith 753*

THE MIDDLE EAST

The Foreign Policy of Egypt in the Post-Sadat Era

Boutros Boutros-Ghali 769

Israel's Role in a Changing Middle East *Yitzhak Shamir 789*

Jordan's Quest for Peace *El Hassan Bin Talal 802*

Oil Wealth: A Very Mixed Blessing *Jahangir Amuzegar 814*

Trade, Investment and Deindustrialization: Myth and
Reality *Sol C. Chaikin 836*

Making Industrial Policy *Robert B. Reich 852*

Soviet Agriculture's Dependence on the West *Karl-Eugen Wädekin 882*

The United States and Brazil: The Case of the Missing
Relationship *Albert Fishlow 904*

Socialist Alternatives: The Italian Variant ... *Joseph LaPalombara 924*
Comment and Correspondence

*Heinz L. Krekler, Bernard Wood, Elliot J. Feldman, L. H. Legault,
Elizabeth Young, Andrew M. Kamarck, Ronald S. Ratney 943*

Recent Books on International Relations *955*

Source Material *Janet Rigney 977*

WILLIAM P. BUNDY
Editor

JAMES CHACE
Managing Editor
MARK A. UHLIG
Assistant Editor

LUCY EDWARDS DESPARD
Book Editor

JENNIFER SEYMOUR WHITAKER
Associate Editor

SHEILA G. BRILL
Assistant to the Editor

KAY KING
Editorial Assistant

MAE BENETT
Assistant to the Managing Editor

GRACE DARLING GRIFFIN
Director, Promotion/Book Advertising

DORIS ELIZABETH FOREST
Publisher

ROBERT F. SENNOTT, JR.
Advertising Manager

MARK GAUTHIER
Circulation Manager

MARGARET K. KABLE
Assistant to the Publisher

CATHERINE GANTNER
Staff Assistant

Editorial Advisory Board

A. DOAK BARNETT
JAMES H. BILLINGTON
HARVEY BROOKS

PHILIP C. HABIB
CARL KAYSER
JOHN J. MCCLOY

HARRY C. MCPHERSON, JR.
WILLIAM M. ROTH
FRITZ STERN

Japanese Economic Studies

WINTER 1981-82/VOL. X, NO. 2

Japan's Macroeconomic Performance

STAGFLATION IN JAPAN

Seiji Shimpō

3

**THE JAPANESE ECONOMY'S RESILIENCY
SINCE THE OIL CRISIS**

Takao Komine

25

JAPAN'S WAGE DETERMINATION REEXAMINED

Kazutoshi Kōshiro

49

Postscript

79

Editor's Comment

85

The Journal of ECONOMIC LITERATURE

Moses Abramovitz, *Managing Editor*

Naomi Perlman, *Associate Editor*
Alexander J. Field, *Associate Editor*

Drucilla Ekwurzel, *Assistant Editor*
Anne Rawley Saldich, *Assistant Editor*

VOLUME XX

MARCH 1982

NUMBER 1

CONTENTS

ARTICLES

- Chicago Economics: Permanence and Change *Melvin W. Reder* 1
- A Child's Guide to Rational Expectations *Rodney Maddock and Michael Carter* 39
- Two Views of Becker's *A Treatise on the Family*
Economics and the Family—Match or Mismatch? *Yoram Ben-Porath* 52
Families, Markets and Social Structures *Michael T. Hannan* 65

BOOK REVIEWS

- ADAM, JAN. Wage control and inflation in the Soviet bloc countries..... *Benjamin Ward* 132
- ADAMS, F. GERARD AND GLICKMAN, NORMAN J. eds. Modeling the multiregional economic system: Perspectives for the eighties..... *Richard F. Muth* 144
- ANCHISHKIN, A., ed. National economic planning. Translated from the Russian by JANE SAYER..... *Benjamin Ward* 96
- APPLEBY, JOYCE OLDHAM. Economic thought and ideology in seventeenth century England..... *R. V. Eagly* 77
- BAROCCI, THOMAS A. Non-profit hospitals: Their structure, human resources, and economic importance..... *Bruce C. Vladeck* 135
- BATCHELOR, R. A.; MAJOR, R. L. AND MORGAN, A. D. Industrialisation and the basis for trade..... *Anne O. Krueger* 120
- BATIE, SANDRA S. AND HEALY, ROBERT G. The future of American agriculture as a strategic resource..... *Emery N. Castle* 127
- BAUMOL, WILLIAM J., ed. Public and private enterprise in a mixed economy: Proceedings of a conference held by the International Economic Association in Mexico City..... *M. A. Adelman* 93
- BEAVER, WILLIAM H. Financial reporting: An accounting revolution..... *Philip W. Bell* 122
- BENNETT, JAMES T. AND JOHNSON, MANUEL H. The political economy of federal government growth: 1959-1978..... *George F. Break* 115
- BREAK, GEORGE F. Financing government in a federal system... *Susan Rose-Ackerman* 117

Additional editorial and postal information follows Table of Contents.

Volume 11, No. 4

November 1981

Journal of INTERNATIONAL ECONOMICS

*Editors:*JAGDISH N. BHAGWATI
JOHN S. CHIPMAN*Co-Editors*WILLIAM H. BRANSON
RUDIGER DORNBUSCH
MURRAY C. KEMP
PETER NEARY*Book Review Editor:*

JOHN WILLIAMSON

*Associate Editors:*BELA BALASSA
RAVEENDRA BATRA
RICHARD BRECHER
RICHARD COOPER
ALAN DEARDORFF
ELHANAN HELPMAN
ANNE O. KRUEGER
EDWARD C. LEAMER
ASSAR LINDBECK
WOLFGANG MAYER
LIONEL W. MCKENZIE
RONALD I. MCKINNON
MICHAEL MUSSA
TAKASHI NEGISHI
JURG NIEHANS
PAUL A. SAMUELSON
LEON WEGGE**CONTENTS**

Mark M. Pitt, Smuggling and price disparity	447
Pradumna B. Rana, Exchange rate risk under generalized floating: Eight Asian countries	459
Paul R. Masson, Dynamic stability of portfolio balance models of the exchange rate	467
Joshua Aizenman, The use of the balance of payments as a shock absorber in fixed rate and managed float systems	479
Marie Thursby, The resource reallocation costs of fixed and flexible exchange rates: A multi-country extension	487
Rodney E. Falvey, Commercial policy and intra-industry trade	495
Takashi Fukushima, A dynamic quantity adjustment process in a small open economy, and welfare effects of tariff changes	513
James R. Markusen, Trade and the gains from trade with imperfect competition	531
James R. Markusen, The distribution of gains from bilateral tariff reductions	553
Robert J. Hodrick, International asset pricing with time-varying risk premia	573
Lance Taylor, South-North trade and Southern growth: Bleak prospects from the structuralist point of view	589
Book Reviews by Millard Long and Alec Chrystal	603
Index	607

LAST ISSUE OF THIS VOLUME

JIECBE 11(4) 447-603 (1981)

NORTH-HOLLAND

Journal of World Trade Law

Volume 16 number 2

Mar : Apr 1982

Contents

Editorial *page 93*

Sino-Japanese Trade

—*Angelina Helou page 95*

This article explains the mutual interest in trade between China and Japan in recent years, and the means whereby such trade is being expanded.

International Regulation of Restrictive Business Practices

—*Thomas L. Brewer page 108*

The author describes the increasing international activity over the control of RBPs, and draws together the progress being made in this direction within UNCTAD, OECD, GATT and the UN Commission on Transnational Corporations.

Lomé and the Protective Effect of Rules of Origin—*Matthew McQueen page 119*

A critical examination is made here of the current Lomé Agreement showing how the rules of origin of EEC imports from the ACP countries exert a protective effect which benefits the EEC.

The International Sugar Market: Self-sufficiency or Free Trade?

—*Tesfaye W. Tsadik page 133*

This article complements that on the EEC Sugar policy, and describes the international free market, with particular reference to the sugar policy of the United States.

KYKLOS

Internationale Zeitschrift für Sozialwissenschaften
 Revue internationale des sciences sociales
 International Review for Social Sciences

Vol. 35 – 1982 – Fasc. 1

ARTIKEL – ARTICLES

LANDMANN, OLIVER: Die Stabilisierungspolitik im Spannungsfeld von Gleichgewichts- und Ungleichgewichtstheorie	3
LENER, ABBA and COLANDER, DAVID: Anti-Inflation Incentives	39
VELJANOVSKI, CENCO G.: The Coase Theorems and the Economic Theory of Markets and Law	53
JACQUEMIN, ALEXIS: Imperfect Market Structure and International Trade – Some Recent Research	75
BILSON, JOHN F.O.: Civil Liberty – An Econometric Investigation	94
DON WARD, MICHAEL: Changing Patterns of Inequality in a Changing Global Order	115

BESPRECHUNGEN
 COMPTES RENDUS – REVIEWS

ARGY, VICTOR: The Postwar International Money Crisis (<i>Ronald Shone</i>) . . .	135
BEHLER, HERMANN und BRANDES, WOLFGANG: Arbeitsmarktsegmentation in der Bundesrepublik Deutschland (<i>Bruno Mordasini</i>)	137
BIENAYMÉ, ALAIN: Stratégies de l'entreprise compétitive (<i>Georges Bernard</i>) .	139
BORCHARDT, KNUT und HOLZHEU, FRANZ (Hrsg.): Theorie und Politik der internationalen Wirtschaftsbeziehungen (<i>Renate Ohr</i>)	141
BRYANT, RALPH C.: Money and Monetary Policy in Interdependent Nations (<i>Duane B. Graddy</i>)	143
BUHNÉ, RAINER: Die internationale Wettbewerbswirksamkeit nationaler Umweltschutzmassnahmen (<i>Arthur Mohr</i>)	145
CHITNIS, SUMA: A Long Way to Go ... (<i>Jandhyala B.G. Tilak</i>)	147

LAW AND POLICY IN INTERNATIONAL BUSINESS

VOLUME 13

1981

NUMBER 2

CONTENTS

ARTICLES

- EAST-WEST COUNTERTRADE: ECONOMIC INJURY AND DEPENDENCE UNDER
U.S. TRADE LAW..... 413**
Philip H. Potter

- DISCLOSURE OF CONFIDENTIAL DOCUMENTS UNDER THE TRADE
AGREEMENTS ACT OF 1979: A CORPORATE NIGHTMARE?..... 465**
Eric I. Garfinkel

- ELIMINATION OF NONTARIFF BARRIERS TO TRADE IN SERVICES: RECOMMEN-
DATIONS FOR FUTURE NEGOTIATIONS..... 495**
Michael Cohen
Thomas Morante

NOTE

- EXPORT CONTROLS AND THE U.S. EFFORT TO COMBAT INTERNATIONAL
TERRORISM 521**

RECENT DEVELOPMENTS

- CAR WARS: AUTO IMPORTS AND THE ESCAPE CLAUSE..... 591**
- RELIEF FROM IMPORTS FROM COMMUNIST COUNTRIES: THE TRIALS AND
TRIBULATIONS OF SECTION 406..... 617**

BOOK REVIEWS

- THE INTELLECTUAL PROPERTY LAW OF JAPAN**
Teruo Doi
REVIEWED BY Waddell A. Biggart..... 661

No. 115

March 1982

PUBLISHED bi-monthly in English and French by THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

EDITORIAL OFFICES

OECD Information Service, Château de la Muette, 2, rue André-Pascal, F 75775 PARIS, CEDEX 16.

Individual articles not copyrighted may be reprinted providing the credit line reads "Reprinted from the OECD Observer" plus date of issue, and two voucher copies are sent to the Editor. Signed articles reprinted must bear author's name.

The Organisation cannot be responsible for returning unsolicited manuscripts.

Signed articles express the opinions of the authors and do not necessarily represent the opinion of OECD

Annual Subscription Rates: £4.00, US\$9.00, F36.00.

Single copies: £0.80, US\$1.75, F7.00.

The OECD OBSERVER is produced in microform (microfilm and/or microfiche) by: (1) University Microfilms (Xerox), Ann Arbor, Michigan 48106, USA; (2) NCR Microcard Edition, Indian Head, Inc., 111 West 40th Street, New York, USA; (3) Bell and Howell Co., Old Mansfield Road, Wooster, Ohio 44691, USA.

EDITOR: Jane Bussièr

ASSOCIATE EDITOR:

Ulla Rannah-Jeanneney

ART, PRODUCTION AND LAYOUT:
Marc Delemme

ASSISTANT:
Gérald Tingaud

PHOTO RESEARCH:
Silvia Lépot
Rina Maiden

All correspondence should be addressed to the Editor.

PHOTOS: Cover: Gilbert Uzan-Gamma; pages 4-6: L. Jouan-OECD; pages 8-9: F. Gallier-Viva; p. 10: J. Maillard-ILO; page 13: Hubert; page 14: J. Maillard-ILO; page 15: ILO; page 17: J. Anderson-Sigma; page 18: VW-L'Usine nouvelle; page 19 (top): J. P. Laffont-Sigma; (bottom): L'Usine nouvelle; page 20: Institut belge d'information et de documentation; page 21 (top): Kaku Kurita-Gamma; (bottom): B. Charlon-Eiff Aquitaine; page 23: L. Jouan-OECD (Anderson, Greg Davis, Alain Dejean-Sigma; International Petroleum Exchange, U.K.; Daido Special Steel Corporation; Nagoya Port; Danish Ministry of Foreign Affairs; Bundesbildstelle, Bonn; COI, London; CEC; FAO; ILO, INBEL; CNRS; SNCF; Eiff Aquitaine); page 33: Hubert; page 35: Alain Nogues-Sigma; page 36: M. Delemme-OECD; pages 43-44: U.S. Department of Agriculture; page 45: WHO; page 46 (top): H.E. Alexander U.S.D.A./Soil Conservation Service; (bottom): F. Botto-FAO; page 49: Henry Grant COI, London

Contents

UNEMPLOYMENT:

WHAT THREATENS JOBS?	3
MINISTERS DISCUSS THE UNEMPLOYMENT PROBLEM	4
28½ MILLION UNEMPLOYED	8

THE ELECTRONIC REVOLUTION IN THE WORKPLACE by David Z. Beckler	16
---	----

THE OECD MEMBER COUNTRIES	23
---------------------------	----

COMPARING REAL STANDARDS OF LIVING	31
------------------------------------	----

COUNTRY PROBLEMS AND STRATEGIES:

FRANCE: New Government, New Strategy	32
AUSTRIA: Consensus	34
DENMARK: Social Benefits and Economic Policy	35

THE COST OF OPEC II by Sylvia Ostry, John Llewellyn and Lee Samuelson	37
--	----

PROTECTIONISM VS. ECONOMIC POLICY by Emile van Lennep, OECD Secretary General	40
--	----

WORLD INTERDEPENDENCE:

MAINTAINING BIOLOGICAL DIVERSITY	42
LOSS OF CROPLANDS AND DEGRADATION OF THE SOIL	44

RE-EXAMINING EQUALITY OF EDUCATIONAL OPPORTUNITY by David Istance	47
--	----

NEW OECD PUBLICATIONS	50
-----------------------	----

Political Science Quarterly

**Volume 97
Number 1
Spring 1982**

Contents

American Ideals versus American Institutions	
SAMUEL P. HUNTINGTON	1
Mass Asylum and Human Rights in American Foreign Policy	
JOHN A. SCANLAN	
G. D. LOESCHER	39
Another Look at Plutocracy and Politics in Antebellum New York City	
AMY BETH BRIDGES	57
America and the Egyptian Revolution, 1950-1957	
BARRY RUBIN	73
Overtilled and Undertilled Fields in American Politics	
R. DOUGLAS ARNOLD	91
Class, Class Conflict, and the State in Africa	
JOEL SAMOFF	105
Book Reviews	129
Reference Books and Source Materials Received	184

THE REVIEW OF ECONOMIC STUDIES

Vol. XLIX (2) No. 156

Imperfect Price Discrimination and Welfare	Raymond Chiang and Chester S. Spatt	155
The Comparison of Multi-Dimensioned Distributions of Economic Status	A. B. Atkinson and F. Bourguignon	183
Search and Consumer Theory	R. Manning and P. B. Morgan	203
Wage Determination and Efficiency in Search Equilibrium	Peter A. Diamond	217
A Generalized Model of Pricing for Homogeneous Goods under Imperfect Information	Asha Sadanand and Louis Wilie	229
The Inefficiency of the Stock Market Equilibrium	Joseph E. Stiglitz	241
"Learning by Doing" and "Investment in Training": A Synthesis of Two "Rival" Models of the Life Cycle	Mark R. Killingsworth	263
The Estimation and Interpolation of Inequality Measures	Frank A. Cowell and Fatemeh Mehta	273
Risk Aversion and Optimal Trade Restrictions	Leslie Young and James E. Anderson	291
Determinateness of the Utility Function: Revisiting a Controversy of the Thirties	Kausik Basu	307
<i>Notes and Comments</i>		
Monopolistic Competition in a Large Economy with Differentiated Commodities: A Correction	Oliver D. Hart	313

April, 1982

The Wharton Magazine

Spring 1982

Vol. 6 No. 3

22



The Influence of
Group Longevity,
page 28.

ARTICLES

Publisher Donald C. Carroll	Of Time and the Manager Rationing this scarce commodity will help maximize effectiveness.	Ross A. Webber	21
Editor in Chief William K. West	The Influence of Group Longevity: High-Performance Research Teams R&D groups seem to have performance curves analogous to the human life cycle.	Ralph Katz	28
Editorial Board Jack M. Guttentag Leonard M. Lodish David N. Ness Michael L. Wachter Ross A. Webber	Five Scenarios for International Trade Past trends are unlikely to provide us with an accurate view of the future.	Richard Drobnick and Selwyn Enzer	35
Advisory Board Russell Ackoff William Eagleson, Jr. Alice F. Emerson James Emery Irwin Friend Paul Green Lawrence R. Klein Irving Kravis Michael R. Levy Dan McGill Dinah Nemeroff Donald A. Pels Almarin Phillips David Solomons Eric Trist Charles E. Walker	What Is the Future of Central America? A look at the past and the present.	Jonathan Evan Maslow	44
	The Wharton Magazine Economic Newsletter	Lawrence R. Klein and Associates	49
	Running on Empty: The Problems of Productivity This economist's nonstandard approaches have turned up some startling insights.	Interview with Emma Rothschild	54
DEPARTMENTS			
	Scanning: Summaries of Management Research Reports		4
	Reviews: Sacred Cows and Silent Structures	Robert R. Blake and Jane Srygley Mouton	9
	Washington: Miller Restrains the FTC "Bully"	Bob Hickox	12
	Bits: Wit, Wisdom, and Insight for Management		60
	Feedback: Last Word from the Readers		64

Art Director
Mitch Shostak
Associate Editor
Leslie Whitaker
Scanning Editor
Michael F. Wolff

Associate Publisher
Eric van Merkensteijn
Assistant Publisher
Suzanne S. Becker
Operations Manager
Lois Ann Rose

The Wharton Magazine is published quarterly.
Copyright © 1982 by the Trustees of the University of Pennsylvania. All rights reserved. Photocopy rights: Permission to photocopy for internal or personal use is granted by the copyright owner for libraries and other users registered with the Copyright Clearance Center (CCC), provided that the base fee of \$2.00 per copy of the article is paid directly to CCC, 21 Congress Street, Salem, MA 01970. Copying done for other than personal or internal reference use without the express permission of The Wharton Magazine is prohibited. Special requests should be addressed to the Associate Editor. CCC Number: 0145-4188/81 \$2.00 \$0.00
Manuscripts and art should be accompanied by stamped, self-addressed envelope and mailed to: Editor, The Wharton Magazine, Centenary Hall, University of Pennsylvania, Philadelphia, PA 19104. (215) 243-8999.

All subscription correspondence: Subscription Department, at same address.

Advertising: Suzanne Becker, Assistant Publisher, at same address. (215) 243-8999.

Advertising Representative: Rob Sennott, The Leadership Network, Suite 321, 230 Park Avenue, New York, NY 10017. (212) 682-4500.

Washington Bureau: Snyder Associates, 1050 Potomac Street NW, Washington, D.C. 20007. (202) 965-3700.

Staff: Editorial Associates: Janice MacKenzie, John Prendergast; Scanning Research: Susan Hyman, Kenneth H. Thomas, Robert Thomas, Susan Tobin; Circulation and Editorial Assistants: Lisa Armstrong, Juan Bester, Eve Donovan, Darcy Feingold, Lisa Green, Christin Markunas, Donna McMahon, Edward Mulé, Ellen West, Karen Woodrow.

Subscriptions: \$14 a year in the United States; \$16 in Canada and Mexico; \$24 (by air) in Europe and Latin America; \$26 (by air) in Asia, Pacific, and Africa.
Printed by The Winchell Company, Philadelphia, PA 19107. U.S.P.S. #432950. Second-class postage paid at Philadelphia, PA. Application for Audit Bureau of Circulations Membership has been made November 1980.

486-F
COMPLETED
26

ITC 1,9/Δ : 982/6

ORIGINAL



OUR
LIBRARY
PRESENTS...

Cantin

The Library

U.S. International Trade Commission
Washington, D.C. 20436

BEST DOCUMENT AVAILABLE

LIBRARY DIVISION DIRECTORY

CHIEF, LIBRARY DIVISION...	Dorothy J. Berkowitz	523-0016
Secretary...	Shree Moody	523-0021

TECHNICAL SERVICES UNIT:

Head...	Barbara J. Pruett	523-1764
Catalogers...	Barbara J. Pruett	523-1764
	Maureen Leshendok	523-0018
	Bertina Wilson	523-0019
	Peggy Cox	523-0017
Acquisitions...	Joan Schrock	523-1791
Periodicals...	Delores Edwards	523-0020
Processing...	Frances Cooper	523-1815
	Kevin Dowdy	523-0025

INFORMATION SERVICES UNIT:

Head...	Hennie Schneider	523-0013
Reference...	Hennie Schneider	523-0013
	Steve Kover	523-0013
Interlibrary loan...	Hennie Schneider	523-0013
Micrographics...	Virginia Moss	523-1805

Editor...	Barbara J. Pruett	523-1764
-----------	-------------------	----------



WE'RE LOOKING FOR . . .

MAPS !!!

WE'RE LOOKING FOR . . .

TRAVEL LITERATURE !!!

WE'RE LOOKING FOR . . .

OUT OF TOWN INFORMATION !!!

The library tries to collect city and state maps, travel literature, and any other information that might be of use to the many members of the USITC staff who travel. We therefore request that Commission staff members keep a sharp eye out for this sort of useful information and give it to us whenever possible.

Thank you,

Dorothy Berkowitz
Dorothy Berkowitz
Chief, Library Division

BEST DOCUMENT AVAILABLE

NEW ACQUISITIONS FROM CATALOGING:

**Barbara Pruett
Maureen Leshendok
Bertina Wilson
Peggy Cox**

US International Trade Commiss Main

- HA202.A5 1977
United States. Bureau of
the Census. Census of manufactures, 1977. 1979
- HB61.E7
Encyclopedia of economics. 1982
- HB235.U615
International Trade Centre. Sources of commodity and product price
information. 1981
- HC240.U75 1980
United States. Dept. of
State. Economic growth of OECD countries, 1970-
1980. 1980
- HD2326.H39
Hay, Donald A. Industrial economics : theory and evidence.
1979
- HD2741.S25
Salter, Malcolm S. Merger trends and prospects for the 1980s.
1980
- HD6983.A493 1981
United States. Congress.
House. Committee on the
Budget. Proposed changes in the consumer price
index : hearings before the Task Force on
Entitlements, Uncontrollables, and Indexing
of the Committee on the Budget, House of
Representatives, Ninety-seventh Congress,
first session, November 17 and December 3,
1981. 1982
- HD9980.U74 1981
United States. Congress.
Senate. Committee on
Commerce, Science, and
Transportation. Service industries development act :
hearings before the Subcommittee on
Business, Trade, and Tourism of the
Committee on Commerce, Science, and
Transportation, United States Senate,
Ninety-seventh Congress, first session, on
S. 1233 ... October 20 and 21, 1981. 1982
- HF136.P71 no. 21
Bloomfield, Arthur Irving. Patterns of fluctuation in international
investment before 1914. 1968
- HF1007.M15
MacBean, Alasdair I. International institutions in trade and
finance. 1981
- HF1007.T68
Trade and employment in developing
countries. 1981
- HF1508.A5 1980
Latin American Free Trade
Association. Montevideo treaty, 1980 : instrument
establishing the Latin American
Integration Association (LAIA) : includes
resolutions CM/1 to 9 adopted by LAFTA
Council of Ministers of Foreign Affairs.
1980
- HF1734.U71 1981
United States. Congress.
Senate. Committee on
Finance. Trade adjustment assistance : hearing
before the Subcommittee on International
Trade of the Committee on Finance, United
States Senate, Ninety-seventh Congress,
first session, December 7, 1981. 1982

HF1756.A5 1982aa
United States
International Trade
Commission.

Sorbitol from France : determination of the Commission in investigation no. 731-TA-44 (final) under the Tariff act of 1930, together with the information obtained in the investigation. 1982

HF1756.A5 1982ab
United States
International Trade
Commission.

Salmon gill fish netting of manmade fibers from Japan : determination of the Commission in investigation no. 751-TA-5 under the Tariff act of 1930, together with the information obtained in the investigation. 1982

HF1756.A5 1982ae
United States
International Trade
Commission.

Analysis of recent trends in U.S. countertrade : report on investigation no. 332-125 under section 332 of the Tariff act of 1930. 1982

HF1756.A5 1982o
United States
International Trade
Commission.

Certain steel products from Belgium, Brazil, France, Italy, Luxembourg, the Netherlands, Romania, the United Kingdom, and West Germany : determinations of the Commission in investigations nos. 701-TA-86 through 144, 701-TA-146, and 701-TA-147 (preliminary) under section 703(a) of the Tariff act of 1930 and investigations nos. 731-TA-53 through 86 (preliminary) under section 733(a) of the Tariff act of 1930, together with the information obtained in the investigations. 1982

HF1756.A5 1982p
United States
International Trade
Commission.

In the matter of certain steel rod treating apparatus and components thereof : investigation no. 337-TA-97 (order permitting entry under bond). 1982

HF1756.A5 1982q
United States
International Trade
Commission.

Certain steel wire nails from the Republic of Korea : determination of a reasonable indication of material injury or threat of material injury in investigation no. 701-TA-145 (preliminary) under the Tariff act of 1930, together with the information obtained in the investigation. 1982

HF1756.A5 1982r
United States
International Trade
Commission.

Certain seamless steel pipes and tubes from Japan : determination of the Commission in investigation no. 731-TA-87 (preliminary) under the Tariff act of 1930, together with the information obtained in the investigation. 1982

HF1756.A5 1982t
United States
International Trade
Commission.

Certain steel products from Belgium, Brazil, France, Italy, Luxembourg, the Netherlands, Romania, the United Kingdom, and West Germany : determinations of the Commission in investigations nos. 731-TA-53 through 86 (preliminary) under section 733(a) of the Tariff act of 1930 and investigations nos. 701-TA-86 through 144, 701-TA-146, and 701-TA-147 (preliminary) under section 703(a) of the Tariff act of 1930. 1982

HF1756.A5 1982u
United States
International Trade
Commission.

Barley from France : determination of the Commission in investigation no. 104-TAA-6 under section 104(b) of the Trade agreements act of 1979, together with the information obtained in the investigation. 1982

HF1756.A5 1982v United States International Trade Commission.	Motorcycle batteries from Taiwan : determination of the Commission in investigation no. 731-TA-42 (final) under the Tariff act of 1930, together with the information obtained in the investigation. 1982
HF1756.A5 1982w United States International Trade Commission.	The effectiveness of escape clause relief in promoting adjustment to import competition : investigation no. 332-115 under section 332 of the Tariff act of 1930.
HF1756.A5 1982x United States International Trade Commission.	Carbon steel wire rod from Brazil, Belgium, France, and Venezuela : determinations of the Commission in investigations nos. 701- TA-148, 701-TA-149, and 701-TA-150 (preliminary) under section 703(a) of the Tariff act of 1930, and investigation no. 731-TA-88 (preliminary) under section 733(a) of the Tariff act of 1930. 1982
HF1756.A5 1982y United States International Trade Commission.	Summary of statutory provisions related to import relief. 1982
HF3119.U7 United States. International Trade Administration.	A guide to doing business in the ASEAN region : Indonesia/Malaysia/Philippines/Singapore/T- hailand. 1981
HF3826.J334 1978	Japan's import system, 1978. 1978
HJ7461.U4 United Nations. Statistical Office.	Classification of the functions of government. 1980
JX1995.U4 United Nations. Secretariat.	Acronyms and abbreviations covering the United Nations system and other international organizations ... 1978
S413.U73 1981 United States. Congress. Joint Economic Committee.	The importance of agriculture to the U.S. economy : hearings before the Subcommittee on Agriculture and Transportation of the Joint Economic Committee, Congress of the United States, Ninety-seventh Congress, first session, 1981. 1982
S483.U7 1981 United States. Congress. House. Committee on Agriculture.	Export grain bank : hearing before the Subcommittee on Wheat, Soybeans, and Feed Grains of the Committee on Agriculture, House of Representatives, Ninety-seventh Congress, first session on H.R. 2901, September 29, 1981. 1982
SB355.I65 International Trade Centre.	Canned fruits and vegetables in the Federal Republic of Germany. 1981

SB369.M5
Missiaen, Edmond. Citrus in Mexico. 1981

SH335.I63
International Trade Centre. Canned fish and shellfish in France. 1981

SH351.T8U56 1981
United States. Congress. Senate. Committee on Commerce, Science, and Transportation. Atlantic bluefin tuna stocks : hearing before the National Ocean Policy Study of the Committee on Commerce, Science, and Transportation, United States Senate, Ninety-seventh Congress, first session, on S. 1564 ... December 8, 1981. 1982

TN24.A4B3
Barker, James C. Critical and strategic minerals in Alaska : cobalt, the platinum-group metals, and chromite. 1982

TN145.G78
Grichar, James S. The nonfuel mineral outlook for the U.S.S.R. through 1990. 1981

TN871.O35
Ody, Nancy. The oil and gas drilling industry : analysis report. 1981

TP318.U74N49 1977
United States. President, 1977- (Carter). National energy act : communication from the President of the United States transmitting a draft of proposed legislation to establish a comprehensive national energy policy. 1977

TP689.F6
Fleisig, Heywood W. The effect of OPEC oil pricing on output, prices, and exchange rates in the United States and other industrial countries. 1981

TP803.I65
International Trade Centre. Ceramic and porcelain tableware and ornaments in the United Kingdom. 1981

TS805.D32
Darr, David R. The impact of the export and import of raw logs on domestic timber supplies and prices.

TS820.U622 1980
United States. Forest Service. U.S. timber production, trade, consumption, and price statistics, 1950-80. 1981

TS910.I63
International Trade Centre. Basketware in France. 1981

TS910.I64
International Trade Centre. Basketware in the Federal Republic of Germany. 1981

TS1785.I615
International Trade Centre. Cordage, rope, and twine in the Netherlands.

TS1966.G4I63
International Trade Centre. Canned meat in the Federal Republic of Germany. 1981

TS2301.L8I682
International Trade Centre. Handbags, travel goods and small leather goods in France. 1981

TS2301.L8I683
International Trade Centre. Handbags, travel goods and small leather goods in the Federal Republic of Germany. 1981

US International Trade Commiss Main

Z682.A6

American Library Association response to the U.S. Office of Personnel Management regarding Tentative standards for the GS-1409, GS-1410, and GS-1411 series. 1982

Z3185.R25

Rahim, Enayetur.

Scholars' guide to Washington, D.C., for South Asian studies : Afghanistan, Bangladesh, Bhutan, India, Maldives Islands, Nepal, Pakistan, Sri Lanka. 1981

CURRENT CONTENTS FROM THE PERIODICALS DESK

Delores Edwards

The following tables of contents from selected journals are included for informational purposes. These issues are kept on reserve in the Library and may be consulted there. Copies will circulate on request when the next issue is received.

across the board

May 1982

The cover—Somewhat resembling the Eiffel Tower, which was erected for the Paris exposition of 1889, this is the Sunisphere, the theme structure for the 1982 World's Fair in Knoxville, Tenn. Photographed by Tad Stamm. Page 24

Barbara Walters	Commentary	A short interview with Barbara Walters	3
Robert B. Reich		Early warning signs of The fourth wave of regulation	4
		A market comes out of the closet From Afghanistan to Zambia	8
Daniel H. Bookin and Andrew J. Levander		Do you want your heads 'crushed like watermelons?' How the Mob controls the economy of the Fulton Fish Market	10
Albert T. Sommers		The Federal budget should be rebuilt from the ground up	18
Alan Anderson Jr.		Small world A preview of the 76th "world class" fair	24
Bradford A. Lee		A historian looks at THAT NEW DEAL	32
Geoffrey H. Moore		Recession or depression? What the stats say	41
James Krohe Jr.		Anatomy of a food business Hogs are produced in factories housing as many as 15,000 head	44
Susan Sontag		TEMPEST ON THE LEFT	50
Philip Green	Andrew Kopkind	Communism and The Left	
Dana Trilling	David Hollinger	Comments	
Aryeh Neier	Philip Pochoda		
Daniel Singer	Christopher Hitchens		
Susan Sontag		Reply	
Merle Goldman		A China syndrome Why didn't Western scholars speak out against the persecution of China's intellectuals?	63
John Hein	Commentary	An economist goes to Hampshire College	69
Harvey D. Shapiro	Books	M&A, with some S&M	73
	Letters	A Woody Allen movie? Self-indulgent	75
William Lutwiniak	Crossword Puzzle	Funny Questions	76

Published 11 times annually (the July and August issues are combined) by The Conference Board Inc. (ISSN 0147-1554). James T. Mills, President, 845 Third Avenue, New York, N.Y. 10022. Printed in North Abington, Mass. Second class postage paid at New York, N.Y., and at additional mailing offices.
Postmaster: Send address changes to across the board, 845 Third Avenue, New York, N.Y. 10022.
Subscription rates: CR Associates and educational rate, \$15 annually, single copies.

\$1.50 Available to non-Associates, \$30 annually, single copies, \$3.00

Copyright 1982 The Conference Board Inc. Redistribution or reproduction by any means of any part of across the board is prohibited without written permission.

Advertising Manager: Harry W. Hochman, Hochman Associates, Inc., 400 East 56 Street, New York, N.Y. 10022 (212) 371-4932

Editor:
Managing Editor:
Art Director:
Picture Editor:
Assistant Editor:
Assistant to the Editor:

Lewis Bergman
Gretchen Griffin Haight
Josef Kozlakowski
Barbara Kapiowitz
Darlene Shiber Stridren
Nancy Hoas

SPRING 1982

Vol. 20, No. 1

ISSN 004-6760

THE
Atlantic
Community
QUARTERLY

The Organization of American States: The Caribbean Area	<i>Ronald Reagan</i>	3
The 'Peace Movement' and NATO: An Alternative View from Bonn	<i>Manfred Wörner</i>	10
The Soviet Global Threat and the West	<i>Pierre M. Gallois</i>	18
Soviet Defense Expenditure	<i>Rainer W. Rupp</i>	30
On the Brink: European Impressions	<i>Uwe Simon Netto</i>	37
The European Parliament Demands Security of Sealanes	<i>Geoffrey Stewart-Smith</i>	45
The Soviet Economy: Going to Siberia?	<i>Boris Kumer and Stephen Sternheimer</i>	52
The Growing United States' Dependency on Imported Strategic Minerals	<i>Alan C. Brownfield</i>	62
Anwar Sadat Remembered	<i>Lucius D. Battle</i>	68
The National Security Assistant: Helmsman, Captain or First Mate?	<i>Arthur Cyr</i>	74

SOURCE MATERIAL

Final Communiqué, North Atlantic Council, December 11, 1981	86
North Atlantic Council Declaration on Events in Poland, January 11, 1982	89
Final Communiqué, NATO Nuclear Planning Group, March 24, 1982	92

BIBLIOGRAPHY

Copyright 1982 by

The Atlantic Council of The United States, Inc.
1616 H Street, N.W. Washington, D.C. 20006

Challenge

CONTENTS

MAGAZINE OF ECONOMIC AFFAIRS

EDITORIAL ADVISORY BOARD

Kenneth J. Arrow
Carolyn Shaw Bell
Barbara R. Bergmann
Kenneth E. Boukling
Andrew F. Brimmer
Robert L. Heilbroner
Walter W. Heller
Albert O. Hirschman
Robert Lekachman
Wassily Leontief
George W. McKinney, Jr.
Robert V. Roosa
Paul A. Samuelson
Robert M. Solow

EDITORIAL STAFF

Editor and Publisher:
MYRON E. SHARPE

Executive Editor:
RICHARD D. BARTEL

Associate Editor:
JACQUELINE STEINER SHARPE

Production Manager:
THERESA HUGHES

Advertising Manager:
DEBORAH GLASSEROW

The drawings on the cover and pages 5, 6, 24, and 38 are by Philippe Weisbecker; and on pages 47 and 50, by Hank Virgona.

MAY JUNE 1982

ARTICLES

- 4** Henry Kaufman *Danger: Too Much Turbulence*
- 15** Michael E. Levy *The Budget: You Can't Get from Here to There*
- 21** James Tobin *The Wrong Mix for Recovery*
- 28** INTERVIEW Ulrich Steger *Piling Up Social Dynamite*
- 38** Bernard L. Weinstein *New Federalism — or New Feudalism?*
- 46** Steven M. Sheffrin *What Have We Done to the Corporate Tax System?*

DEPARTMENTS

- 2** *In This Issue* Richard D. Bartel

53 Comment

THE GROWLERY: Amitai Etzioni *We've Been Allocating Credit All Along* WASHINGTON: Bradley R. Schiller *A Smart Retreat from Social Security Reform* VIEWPOINT: Peter T. Gottschalk *Have We Lost the War on Poverty?* ABROAD: John K. Thompson *Poland: The West Can Influence the Outcome* AT HOME: John J. Siegfried, Katherine Maddox McElroy, and George H. Sweeney *Who Bears the Burden of Excise Taxes?*

63 Letter to the Editor

64 For Further Reading

Vol. 25 No. 2

Challenge (ISSN 0577-9122) is published four times a year: May/June, July/August, September/October, November/December. Editors: Myron E. Sharpe, Inc. Subscription rates for U.S. and Canada: Institutions: \$60.00 a year; \$100.00 for 2 years; \$75.00 for 3 years; \$50.00 for individual copies. Individuals: \$25.00 a year; \$40.00 for 2 years; \$50.00 for 3 years; \$25.00 for individual copies. Foreign rates: add \$2.00 per year.

All correspondence should be addressed to *Challenge*, 50 Business Plaza Drive, Armonk, N.Y. 10504. Copyright © 1982 by M. E. Sharpe, Inc. All rights reserved.

Second-class postage paid at Armonk, N.Y., and at additional mailing offices. Postmaster: send address changes to *Challenge*, 50 Business Plaza Drive, Armonk, N.Y. 10504.

The policy of *Challenge* is freedom for diversity. Every author speaks for himself. Opinions for the Editorial Advisory Board. Editorial express the opinion of the editor only.

ECONOMETRICA

RECEIVED

MAY 7 1982

U.S. INTERNATIONAL TRADE COMMISSION LIBRARY

JOURNAL OF THE ECONOMETRIC SOCIETY

International Society for the Advancement of Economic Theory, Its Relation to Statistics and Mathematics

CONTENTS

ROBERT F. HANSEN, THOMAS R. PALFREY, AND CHARLES R. PLOTT: Asset Valuation in an Experimental Market	537
GARY CHAMBERLAIN: The General Equivalence of Granger and Sims Casuality	569
J. P. FLORENS AND M. MOUCHART: A Note on Noncausality	583
STEVEN M. GOLDMAN AND ROSS M. STARR: Pairwise, t -Wise, and Pareto Optimality	593
VINCENT P. CRAWFORD: A Theory of Disagreement in Bargaining	607
ALVIN E. ROTH AND URIEL G. ROTHBLUM: Risk Aversion and Nash's Solution for Bargaining Games with Risky Outcomes	639
BOYAN JOVANOVIĆ: Selection and the Evolution of Industry	649
JENNIFER F. REINGANUM: A Dynamic Game of R and D : Patent Protection and Competitive Behavior	671
TAKESHI AMEMIYA: Two Stage Least Absolute Deviations Estimators	689
TOM WANSBEEK AND ARIE KAPTEYN: A Class of Decompositions of the Variance-Covariance Matrix of a Generalized Error Components Model	713
EDWARD E. LEAMER: Sets of Posterior Means with Bounded Variance Priors	725
G. B. A. EVANS AND N. E. SAVIN: Conflict Among the Criteria Revisited: The W , LR and LM Tests	737
ALBERTO HOLLY: A Remark on Hausman's Specification Test	749
NOTES AND COMMENTS:	
J. S. BUTLER AND ROBERT MOFFITT: A Computationally Efficient Quadrature Procedure for the One-Factor Multinomial Probit Model	761
JAMES N. BROWN AND HARVEY S. ROSEN: On the Estimation of Structural Hedonic Price Models	765
ROBERT C. DRURY: Exploitation of Many Deposits of an Exhaustible Resource: Comment	769
PAUL MADDEN: Efficiency of Non-Walrasian Equilibria: A Note	775
DIETER SONDERMANN: Revealed Preference: An Elementary Treatment	777
CORRIGENDUM:	
FRANKLIN M. FISHER AND FERNANDO M. C. B. SALDANHA: Stability, Disequilibrium Awareness, and the Perception of New Opportunities: Some Corrections	781
ANNOUNCEMENTS AND NEWS NOTES	785
1981 ELECTION OF FELLOWS OF THE ECONOMETRIC SOCIETY	790
FELLOWS OF THE ECONOMETRIC SOCIETY AS OF JANUARY, 1982	795
PROGRAM OF THE NORTH AMERICAN WINTER MEETING OF THE ECONOMETRIC SOCIETY	807
ERRATUM	822

The Economist

After the lousy war

Go for a better Falklands, page 11. Broken ships, shifting support and fluttering peace plans, pages 19-32. Our poll updated, page 25



The other wars

Saddam's Iraq slugged by Iran again, page 67. Spring brings new zeal in Afghanistan, page 68. India's cigarette war, page 71

Kaunda's bid

Black and white Africa touch fingertips, page 16

The Godfathers

The Mafia's a tougher nut than the Red Brigades, page 64

Oh, not another

Constitution in China, page 72



The answer's slump

If America's interest rates don't drop, page 12. Its budget fall-out, page 36

Not so vague

America's foreign policy, page 35

Electoral woe

For Republicans in the midwest, and for Democrats in Texas, page 39

JFK dissected

Too cruelly, page 103



It's China oil

Offshore, pages 88-89. While synfuels fade in the west, page 78



Re-enter Solidarity

On Poland's streets, page 59

Le bilan

The balance-sheet of Mitterrand's first year, page 60

Airline angst

Brings higher fares, page 87

Computer designs

Break with tradition, page 97

Wave power

Waived by Britain, page 100

MAY 8, 1982

Volume 283 Number 7236

World politics and current affairs

- 11 When this lousy war...
- 12 Shylock's world slump
- 16 Gospel according to Kaunda
- 19 **Falkland Islands:** Mayday in the South Atlantic; *Air power; General Belgrano; British politics; EEC; Opinion poll; The world's view; The Americas; View from Argentina; Britain's requisitioned fleet*
- 35 **American Survey:** The smack of firm foreign policy?; *Congress; Republicans; Texas; Illegal aliens; Television; Knoxville world's fair*
- 45 **Britain:** Hanging around for a dock strike?; *Youth employment; By-elections; Mail on Sunday; Bureaucracy; Juries; Rates*
- 53 **Schools Brief:** Policing Britain's police
- 59 **Europe:** Solidarity comes back up through the concrete; *France; German arms sales; Cyprus; Mafia; Yugoslavia; April in the EEC*
- 67 **International:** Iraq's warmaker in search of a cause for his war; *Afghanistan; India; Sea law; Indonesia; China; Hong-kong; Mexican festival*

Business, finance and science

- 75 **This week**
- 77 **World Business:** Harvester's three old men—and its \$7.6 billion in debts; *Synfuels; Gas; Danish oil; French newspapers; India; Chinese economy; Grain trade; American advertising; North Atlantic air fares; Belgium*
- 88 **Brief:** China's offshore riches
- 91 **Finance:** American banks join the sweepstakes; *Debt rescheduling; Canadian bank fraud; London markets; Johannesburg regulation; Graham Ferguson Lacey; Australian life offices; Unlisted securities; Canadian families*
- 97 **Science and Technology:** Breaking away from the origins of computer design; *Membranes; Microchips; Reading between the polls; Wave power*

Books and letters

- 103 **Books:** John F. Kennedy; *Edward Garnett; British economy; Mussolini; British defence policy; Arthur Koestler*
- 4 **Letters**

The Economist Newspaper Ltd, London, 1982. Printed in the USA.

Subscription service

Subscription Department, The Economist Newspaper Limited, P.O. Box 2700, Woburn, MA 01890, U.S.A.

Please enter a subscription for 1 year. I enclose payment of

- | | | | |
|---|------------------------------------|----------|------------------------------------|
| USA | ☐ US\$85.00 | Students | ☐ US\$52.00 |
| Canada | ☐ US\$85.00 | Students | ☐ US\$52.00 |
| Mexico | ☐ US\$85.00 | Students | ☐ US\$52.00 |
| ☐ Bill me later ☐ Quarterly Index, USA, Canada & Mexico US\$12.00 | | | |

Name

Address

City

State Zip code

Organization

(name) (address) USCF

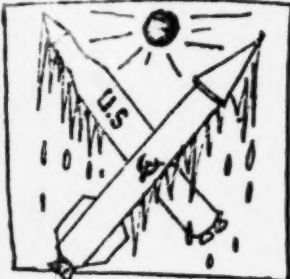
The Economist

Let them go in?

Invasion if there is no deal soon, page 13. Stop ranting, page 14. Negotiators fight, fighters wait and costs are counted, pages 21-31. Who's had a good war?, page 43. Our cover's history, page 31.

All alone

Britain and the EEC budget, page 72.



Eureka

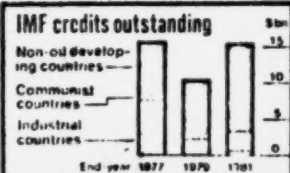
Has Ronald Reagan found the way to cut nuclear arms?, page 15. What bombs could do, pages 96-97. A new nightmare, page 93.

Steamed up

About water in California, page 34.

Unfreeing trade

Fingers point at Japan, page 33. Reagan's sugar quotas, page 38.



Fund of wisdom

Why Reagan should learn to love the IMF, page 18.



Britain's trains

Full speed into the buffers, page 46.

Tory tide

In local elections, page 44.



Mullah-mesmerised

Iran's new success over Iraq's army, page 59, shifts the Arab world's focus of attention eastwards, page 16.

Politics of the gun

Increasingly in the West Bank, page 53, obliteratingly in Syria, page 60.

Won't lie down

Eritrean rebels, page 59. Soviet corruption, page 70.

Limp Glomp

Poland's wavering church leader, page 69.

Listen with DAD

To music, page 93.



Toothless economy

North Yemen, page 87.

MAY 15, 1982

Volume 283 Number 7237

World politics and current affairs

- 13 **Falkland Islands:** Let them go in?
- 14 **Ranters** don't win wars
- 15 **Freeze or thaw** of nuclear weapons?
- 16 **On the frontier** between Iraq and Iran
- 18 **IMF:** Fund of wisdom
- 21 **Falkland Islands:** What the negotiations turn on, *The lighting: Argentine disinformation: British disinformation: Argentine economy: Cost to Britain*
- 33 **American Survey:** Must trade barriers go up with unemployment?; *California: Western water: Insanity defence: Milk and sugar: The scientific press*
- 43 **Britain:** The winners in the war at Westminster; *Local elections: Religion and football: British Rail: West End theatres: Public-sector pay: Falklands opinion: The economy: Open government: Architecture*
- 49 **Schools Brief:** Britain's riots: Lessons from abroad
- 53 **International:** Israeli-occupied territories: Lurch to the worse under Sharon; *Iraq-Iran war: Eritrea: Syria: Costa Rica: India: South Africa*
- 69 **Europe:** Poland: Oh, for another Wyszynski; *Soviet Union: Italy: West Germany: France: Holland. European Community:* No, no and no again, Britain explained; *Next year's budget: Election finance*

Business, finance and science

- 75 **This week**
- 77 **World Business:** Why Europe's chemical giants are aping Opec; *Braniff International: East-west trade: Steel trade: Italian steelmakers: French labour: English China Clays: Switzerland: Oil: Diamonds: Indian labour relations*
- 87 **North Yemen:** The answer lies in the soil
- 89 **Finance:** Who's being taken for a ride on Hongkong's mass transit?; *America's national market: London stock exchange: Allied Suppliers: Merrill Lynch/Sun Hung Kai: British taxation: Malaysian United Industries*
- 93 **Science and Technology:** We have heard hi-fi's future and it works; *Nuclear war: Microchip battle: American labs: Russian technology exports*
- 96 **Science Brief:** After the nuclear holocaust

Books and letters

- 99 **Books:** Irish revolution; *Albert Camus: Filming the impossible: Postwar Britain: British Social Democrats: Islam: French politics: Oliver Cromwell*
- 4 **Letters**

The Economist Newspaper Ltd, London, 1982. Printed in the USA.

Subscription service

Subscription Department, The Economist Newspaper Limited, P.O. Box 2700, Woburn, Ma. 01886, U.S.A.

Please enter a subscription for 1 year, I enclose payment of

- | | | | |
|---|------------------------------------|----------|------------------------------------|
| USA | ☐ US\$85.00 | Students | ☐ US\$52.00 |
| Canada | ☐ US\$85.00 | Students | ☐ US\$52.00 |
| Mexico | ☐ US\$85.00 | Students | ☐ US\$52.00 |
| ☐ Bill me later ☐ Quarterly index, USA, Canada & Mexico US\$12.00 | | | |

Name

Address

City

State

Zip code

Organisation

(name)

(address)

USCF

The Economist

Billy Graham

Finds freedom in Russia, page 33
Moonies' newspaper, page 34.

East-west trade

Bleaker in the chilled war with Russia, pages 55-73

Salt-2

In limbo, page 31.



Capsizing

One chance left for the Poland that General Januzelski torpedoed, page 13. Drawn battle of May 13th, page 79.

Sedevacantists

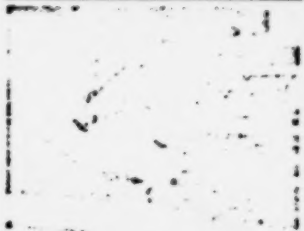
More Catholic than the Pope, page 48. Pope books, page 115.

Conflicts of interest

In Washington, page 25. On campus, page 107.

Help Nigeria

By not lending to it, page 16.



Auto-suggestion

Detroit's comeback, page 85.

Into battle

An end to Falklands diplomacy, and a start to war, pages 19-22.



Her lonely way

Margaret Thatcher makes it harder for Europe to help, page 11. The veto vetoed, page 77.

LESS TO TIMES 057 1234 EY
FIVE DAY BRITISH AIRCRAFT
GROUPS AROUND PORT STANLEY
F CANAGING THE AIRFIELD.
WITH A 1,000 POUND BOMB
EXPLODE 50 FEET ABOVE THE
THE MUCH OF THE ARGENTINE
0,000 KILLO IS BELIEVED
IN LOW CLOUD THE MARK
CRATER THE RUNWAY AIT
(TWO) VULCAN BOMBING RA
ICTED
THIRIER ATTACKS AND IS
LINES.
WINGING (FROM 15,000 FEET)
AND CLAIM THEY CAN BE
LITTLE EXPERIENCE IN SUCH
AS IT HAS BEEN FOR THE
(THE IN EAST) BUREAU, WHICH
ITS INCLUDING AIRCRAFT PA

Censorship

Stumbles, page 37.

A better devil

More power to Botha's elbow?, page 14.

Islam's civil war

What the challenge of Iran's
mullahs means for Moslems,
page 47

Skin of teeth

Begin survives again, page 48.
Cheysson's toe in mouth again,
page 78

Big Bang

Magnetic relics, page 108.

Hit for six

Cricket's finances, page 104.
Play football in Spain, page 38

MAY 22, 1982

Volume 283 Number 7238

World politics and current affairs

- 11 Guide my lonely way
- 13 Januzelski self-torpedoed
- 14 A better Botha?
- 16 Bending Shagari's ear
- 19 Falklands: An end to diplomacy, a start to war; Invasion; United Nations; EEC; Argentina's admiral; The City
- 25 American Survey: Once a businessman, always a businessman?; The budget; Arms talks; New Mexico; Billy Graham; The press; Washington Times; Cable television; Ecology
- 37 Britain: Censors and sensibility in the Falklands affair; World Cup; Snooker; By-elections; Anglo-Irish relations; Militant Tendency; British Telecom; North Sea oil; Oil memo; Race and elections; Advertising
- 43 Schools Brief: What next in Britain's inner cities?
- 47 International: Iran: Onward Moslem soldiers; Israel; Roman Catholics; Dominican Republic; Nicaragua; Uruguay; Zimbabwe; India; Indian tubewells
- 55 East-west trade: An end to business as normal: a survey
- 77 Europe: The day Britain's bluff was called; France; Poland; The Germans; Rumania; Greece and America; Finland; Norway

Business, finance and science

- 83 This week
- 85 World Business: Detroit promises car buyers a second honeymoon; Australian wages; British food retailing; British exports; The Nile; Nuclear power; Canadian oil; America's airlines; AEG-Telefunken; West German economy
- 99 Finance: Britain's building societies; South Korean moneylenders; Robert Maxwell; Drysdale Government Securities; Opec deposits; Kuwait's foreign investment
- 104 Business Brief: Cricket's sticky wicket
- 107 Science and Technology: Conflict of interest on the American campus; Dealiness; Magnetic monopolies; Male-risks research

Books and letters

- 113 Books: D. H. Lawrence; Secondary banking crisis; Homosexuality and marriage; Birmingham and Sheffield; The Pope; Parliament; Dutch famine
- 4 Lotteries

© The Economist Newspaper Ltd, London, 1982. Printed in the USA

Subscription service

Subscription Department, The Economist Newspaper Limited,
P.O. Box 2700, Woburn, MA 01801, U.S.A.

Please enter a subscription for 1 year. I enclose payment of

- | | | | |
|--|--|----------|------------------------------------|
| USA | ☐ US\$45.00 | Students | ☐ US\$32.00 |
| Canada | ☐ US\$45.00 | Students | ☐ US\$32.00 |
| Mexico | ☐ US\$45.00 | Students | ☐ US\$32.00 |
| ☐ Bill me later | ☐ Quarterly Index, USA, Canada & Mexico US\$12.00 | | |

Name

Address

City

State

Zip code

Organisation

(name)

(address)

USCP

FOREIGN POLICY

NUMBER 45 WINTER 1981-82 \$4.00

-
- | | |
|------------|--|
| 3 | The Partisan Gap
<i>Charles H. Percy</i> |
| <hr/> | |
| | THE GREAT
STRATEGIC DEBATE |
| 16 | Nuclear Decapitation
<i>John D. Steinbruner</i> |
| 29 | Treaty Compliance
<i>Robert J. Einborn</i> |
| 48 | NATO Myths
<i>Lawrence Freedman</i> |
| <hr/> | |
| 69 | The Argentine Pariah
<i>Charles Macabling, Jr.</i> |
| 84 | Fanning The Flames
In South Asia
<i>Selig S. Harrison</i> |
| 103 | Misreading China
<i>David M. Lampton</i> |
| <hr/> | |
| 115 | An End To OPEC?
<i>S. Fred Singer</i>
<i>Stephen Stamas</i> |
| 126 | Doves, Hawks, & Détente
<i>William Stivers</i> |
| 145 | Foreign Policy
According To Freud
<i>William D. Davidson &</i>
<i>Joseph V. Montville</i> |
| <hr/> | |
| 158 | Dateline Athens:
Greece For The Greeks
<i>F. Stephen Larrabee</i> |
| 175 | Dateline Cairo:
Shaken Pillar
<i>Stanley F. Reed</i> |
| 186 | Letters |

Harvard Business Review

May-June 1982

RECEIVED

MAY 6 1982

U.S. INTERNATIONAL TRADE
COMMISSION
LIBRARY

Robert H. Hayes and David A. Garvin	70	Managing as if tomorrow mattered
James H. Boettcher and Fernando B. Sotelino	80	A look at the variable-maturity loan
Peter Navarro	87	Our stake in the electric utility's dilemma
Ronald N. Ashkenas and Robert H. Schaffer	98	Managers can avoid wasting time
Alan R. Andreasen	105	Nonprofits: check your attention to customers
Thomas V. Bonoma	111	Major sales: Who <u>really</u> does the buying?
J. Peter Killing	120	How to make a global joint venture work
John S. Fielden	128	'What do you mean you don't like my style?'
Jean-Pierre Frankenhuis	139	How to get a good mini
		Thinking ahead
Sumer C. Aggarwal	6	Prepare for continual materials shortages
		Growing concerns
David E. Gumpert and Jeffrey A. Timmons	14	Penetrating the government procurement maze
Jerry L. Arnold and Michael A. Diamond	24	The accounting review: a happy compromise
		From the boardroom
Israel Unterman and Richard Hart Davis	30	The strategy gap in not-for-profits
		For the manager's bookshelf
Mary V. Chatfield	46	Books for the thoughtful executive
		Ideas for action
J. Randall Woolridge and Gary Gray	54	Are original-issue discount bonds here to stay?
Zvi Bodie	58	'Compound-interest' depreciation in capital investment
Richard Stern	62	Insurance for Third World currency inconvertibility protection
William S. Krasker	66	Hedging on loans linked to the prime

INTER ECONOMICS

No. 2 (March/April)

17th Year 1982

EDITORIAL

The Fed: Return to Interest Rate Control? Wolfgang Schröder 53

ARTICLES

FOREIGN INVESTMENT

The End of the American Challenge? Jacques Pellmans 65

MONETARY POLICY

Restoring an International Gold Standard –
A Viable Alternative? Wulfkuether Zippel 60

EUROPEAN MONETARY SYSTEM

A Framework for International Monetary Reform? G. Zie 66

INTERNATIONAL MONETARY FUND

Should the IMF Resort to Private Credit
Markets for Refinancing? Anton Konrad 71

ECONOMIC SYSTEMS

A Performance Analysis of the Third World Axel J. Halbach 75

FOOD AID

The Development of International Food Aid Policy John Cathie 82

COMECON

The IMF and the Countries of the
Council for Mutual Economic Assistance Klaus Schröder 87

REPORT

The New International Economic Order:
a View from the Socialist Corner Leon Zurawicki 91

ECONOMIC TRENDS

The German Economy in 1982 and Beyond Dieter Wermuth 97

Impetus for World Trade 103

HWHA Index of World Market Prices of Raw Materials 104

A PUBLICATION OF:

HWHA-Institut für Wirtschaftsforschung-
Hamburg

(Professor Dr. Armin Gutowski,
Dr. Dietrich Kebschull)

EDITORIAL BOARD:

Chief Editor: Dr. Otto G. Mayer

Assistant Chief Editor:

Dr. Klaus Kozaniewski

Editors: Claus Hamann,
Helga Lange, Helga Wenke,
Irene Wilson, Klaus Peter Zanzig

Address:

Neuer Jungfernstieg 21
2000 Hamburg 36
Phone: (0 40) 35 62 306/307

PUBLISHING HOUSE:

Verlag Weltarchiv GmbH, Hamburg

Address:

Neuer Jungfernstieg 21
2000 Hamburg 36
Phone: (0 40) 35 62 500

Advertising Price List:

ffg. 19 of Jan. 1, 1977

Prices of Subscription:

Single issue: DM 12.-;
Annual rate: DM 60.-
(Students: DM 30.-)

Publication Dates:

4x-monthly (February, April, June,
August, October, December)

Printing:

Buch- und Offsetdruckerei Wüsch,
8430 Neumarkt

Copyright by Verlag Weltarchiv GmbH

International regimes

International Organization volume 36, number 2, spring 1982

1. Overviews

Structural causes and regime consequences:
regimes as intervening variables *Stephen D. Krasner* 185

Words can hurt you; or, who
said what to whom about regimes *Ernst B. Haas* 207

2. Grotian perspectives

International regimes:
lessons from inductive analysis *Donald J. Puchala and* 245
Raymond F. Hopkins

Regime dynamics: the rise
and fall of international regimes *Oran R. Young* 277

3. Structural perspectives

Coordination and collaboration:
regimes in an anarchic world *Arthur A. Stein* 299

The demand for
international regimes *Robert O. Keohane* 325

4. Cases

Security regimes *Robert Jervis* 357

International regimes, transactions,
and change: embedded liberalism
in the postwar economic order *John Gerard Ruggie* 379

The transformation of trade:
the sources and effects
of regime change *Charles Lipson* 417

Balance-of-payments financing:
evolution of a regime *Benjamin J. Cohen* 457

5. Conclusions, con and pro

Cave! hic dragones:
a critique of regime analysis *Susan Strange* 479

Regimes and the limits of realism:
regimes as autonomous variables *Stephen D. Krasner* 497

Volume 12, No. 1/2

February 1982

ISSN 0 022 1996

Journal of INTERNATIONAL ECONOMICS

Editors:

JAGDISH N. BHAGWATI
JOHN S. CHIPMAN

Co-Editors

WILLIAM H. BRANSON
RUDIGER DORNBUSCH
MURRAY C. KEMP
PETER NEARY

Book Review Editor:

JOHN WILLIAMSON

Associate Editors:

BELA BALASSA
RAVEENDRA BATRA
RICHARD BRECHER
RICHARD COOPER
ALAN DEARDORFF
ELHANAN HELPMAN
ANNE O. KRUEGER
EDWARD E. LEAMER
ASSAR LINDBECK
WOLFGANG MAYER
LIONEL W. MCKENZIE
RONALD I. MCKINNON
MICHAEL MUSSA
TAKASHI NEGISHI
JÜRG NIEHANS
PAUL A. SAMUELSON
LEON WEGGE

CONTENTS

Jacques Melitz, The stability of the spot price of foreign exchange in the absence of speculative influences	1
Wolfgang Mayer, Factor quality, factor prices and production patterns	25
P. J. Lloyd, 3 × 3 theory of customs unions	41
Jorge Braga de Macedo, Exchange rate behavior with currency inconvertibility	65
Pedro Aspe and Francesco Giavazzi, The short run behaviour of prices and output in the exportables sector: The case of German machinery	83
Rachel McCulloch and Janet Yellen, Can capital movements eliminate the need for technology transfer?	95
John S. Chipman, Capital movement as a substitute for technology transfer: A comment	107
Mark Gersovitz, The estimation of the two-gap model	111
Michael Mussa, Imperfect factor mobility and the distribution of income	125
Leslie Young, Quantity controls vs. expenditure controls in international trade under uncertainty	143
S. P. Das, On the effect of tariff on employment under flexible exchange rate	165
Stephen W. Davies and Anthony J. McGuinness, Dumping at less than marginal cost	169
Shigemi Yabuuchi, A note on tariff-induced capital inflow and immiserization in the presence of taxation of foreign profits	183
Book Reviews by Randall Hinshaw, Susan Strange and Edward Tower	191

JIECBE 12(1/2) 1-200 (1982)

NORTH-HOLLAND

LAW AND POLICY IN INTERNATIONAL BUSINESS

VOLUME 13

1981

NUMBER 3

CONTENTS

ARTICLES

- A CASE FOR REPEALING THE ANTIDUMPING PROVISIONS OF THE TARIFF ACT
OF 1930..... 681
Wesley K. Caine

- FRENCH CODIFICATION OF A LEGAL FRAMEWORK FOR INTERNATIONAL
ARBITRATION: THE DECREE OF MAY 12, 1981..... 727
W. Laurence Craig
William W. Park
Jan Paulsson

- INTERNATIONAL PRICE DISCRIMINATION AND THE 1916 ANTIDUMPING
ACT—ARE AMENDMENTS IN ORDER?..... 747
Kermit W. Almstedt

NOTE

- THE 1980 CANADIAN BANKS AND BANKING LAW REVISION ACT: COM-
PETITIVE STIMULUS OR PROTECTIONIST BARRIER?..... 783

CASE COMMENT

- THE CONSTITUTIONAL DILEMMA OF STATE TAX EXEMPTIONS: *Sears, Roebuck*
and Co. v. County of Los Angeles..... 811

RECENT DECISION

- EXTRATERRITORIAL SERVICE OF ADMINISTRATIVE SUBPOENAS: *Federal Trade*
Commission v. Compagnie de Saint-Gobain-Pont-à-Mousson..... 847

LAW AND POLICY IN INTERNATIONAL BUSINESS

VOLUME 13

1981

NUMBER 4

CONTENTS

ARTICLES

- THE OUTLOOK FOR OFFICIAL EXPORT CREDITS..... 891
John M. Duff Jr.

- THE APPLICATION OF U.S. ECONOMIC REGULATIONS TO INTERNATIONAL
COMMERCE: A COMPARISON OF THE SHERMAN ACT AND U.S. INTERNA-
TIONAL TRADE REGULATION LAWS..... 961
Jon Paugh

NOTES

- INTERNATIONAL BANKING FACILITIES: DEFINING A GREATER U.S. PRESENCE
IN THE EURODOLLAR MARKET..... 997

- TAXATION OF THE PETROLEUM INDUSTRY IN INDONESIA: ISSUES AND
OBJECTIVES..... 1047

- EXPORT CREDITS: AN INTERNATIONAL AND DOMESTIC LEGAL ANALYSIS... 1069

RECENT DEVELOPMENT

- PERSONAL JURISDICTION IN CASES OF PATENT MISUSE: *Riker Laboratories,
Inc. v. Gist-Brocades N.V.*..... 1089

BOOK REVIEWS

- INTERNATIONAL BUSINESS
Hal R. Mason, Robert R. Miller, and Dale R. Weigel
REVIEWED BY *Adhip Chaudhuri*..... 1109

THE QUARTERLY JOURNAL OF ECONOMICS

Vol. XCVII

May 1982

No. 2

ARTICLES

- Charitable Giving and "Excessive" Fundraising *Susan Rose-Ackerman* 193
- Layoff Unemployment, Risk Shifting, and Productivity *Kenneth S. Chan*
and *Yannis M. Ioannides* 213
- The Interaction of Taxes and Inflation in a Macroeconomic Model
..... *Liam P. Ebrill and Uri M. Posen* 231
- Aggregate Spending and the Terms of Trade: Is There a Laursen-Metzler
Effect? *Maurice Obstfeld* 251
- A General Equilibrium Model of Congressional Voting *James B. Kau,*
Donald Keenan, and Paul H. Rubin 271
- Tariffs, Quotas, and Market Structure .. *Motoshige Itoh and Yoshiyasu Ono* 295
- Discrimination, Nepotism, and Long-Run Wage Differentials
..... *Matthew S. Goldberg* 307
- Categorizing Risks in the Insurance Industry *Michael Hoy* 321
- Social Aggregation Rules and Continuity *Graciela Chichilnisky* 337

NOTES

- Social Opportunity Costs and Immiserizing Growth: Some Observations on
the Long Run Versus the Short *M. Ali Khan* 353
- Consumption Versus Wage Taxation .. *Elhanan Helpman and Efraim Sadka* 363
- The Optimal Taxation of International Investment Income: A Comment
..... *John Dutton* 373
- The Optimal Taxation of International Investment Income: Reply
..... *Thomas Horst* 381

The World Economy

a Quarterly Journal on International Economic Affairs

Volume 5

March 1982

Number 1

North-South Mutual Interest in Greater Reliance on Markets Jonkheer EMILE VAN LENNEP	5
Mr John Biffen M.P. at the Pearly Gates DEEPAK LAL	19
International Economic Order: Can the Trend be Reversed? JAN TUMLIR	29
A View from the Dress Circle in the Theatre of Trade Disputes C. F. TEESE	43
Economic Development, Cancun and the Western Democracies KARL BRUNNER	61
Why Developing Countries Should Participate in the GATT System T. N. SRINIVASAN	85
Matters of Opinion	
Employment and Income Effects of Re-locating Textile Industries .. H. H. GLISMANN and DEAN SPINANGER	105
Additions to the Bookshelf	
On Economic Freedom and Democracy MARTIN WOLF	113
Book Reviews	119
Publications Received	128

Copyright © 1982 by the Trade Policy Research Centre. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photo-copying, recording or otherwise, without the prior written permission of the publisher. Basil Blackwell Publisher Ltd, 108 Cowley Road, Oxford OX4 1JF, United Kingdom. Printed in the United Kingdom.

ISSN 0378-5920

100-
COMPLETED
30



Center

**OUR
LIBRARY
PRESENTS...**

The Library

**U.S. International Trade Commission
Washington, D.C. 20436**

BEST DOCUMENT AVAILABLE

T

LIBRARY DIVISION DIRECTORY

CHIEF, LIBRARY DIVISION...	Dorothy J. Berkowitz	523-0016
Secretary...	Shree Moody	523-0021

TECHNICAL SERVICES UNIT:

Head...	Barbara J. Pruett	523-1764
Catalogers...	Barbara J. Pruett	523-1764
	Maureen Leshendok	523-0018
	Bertina Wilson	523-0019
	Peggy Cox	523-0017
Acquisitions...	Joan Schrock	523-1791
Periodicals...	Delores Edwards	523-0020
Processing...	Frances Cooper	523-1815
	Kevin Dowdy	523-0025

INFORMATION SERVICES UNIT:

Head...	Hennie Schneider	523-0013
Reference...	Hennie Schneider	523-0013
	Steve Kover	523-0013
Interlibrary loan...	Delores Edwards	523-0020
Micrographics...	Virginia Moss	523-1805

Editor...	Barbara J. Pruett	523-1764
-----------	-------------------	----------

HC240.0614 Organization for Economic Cooperation and Development.	Research and policy-making : the case of regional policy : a report on an OECD seminar. 1982
HC407.Y8A6 Yugoslavia. Jugoslovenska Revija.	Facts about Yugoslavia. 1979
HD2425.N2 1982	National directory of addresses and telephone numbers. 1981
HF1457.U64 1982 United States. Congress. Joint Economic Committee.	East-West commercial policy : a congressional dialogue with the Reagan administration : a study. 1982
HF1756.A5 1982ag United States International Trade Commission.	Certain mushrooms : report to the President on investigation no. TA-203-13 under section 203 of the Trade act of 1974. 1982
HF1756.A5 1982ah United States International Trade Commission.	Prestressed concrete steel wire strand from Brazil, France, and the United Kingdom : determinations of the Commission in investigations nos. 701-TA-152 and 153 (preliminary) under the Tariff act of 1930, together with the information obtained in the investigations [and] determination of the Commission in investigation no. 731-TA- 89 (preliminary) under the Tariff act of 1930, together with the information obtained in the investigation. 1982
HF1756.A5 1982ai United States International Trade Commission.	Conditions relating to the importation of softwood lumber into the United States : report to the Senate Committee on Finance on investigation no. 332-134 under section 332 of the Tariff act of 1930. 1982
HG206.E35 Eckes, Alfred E.	Bretton Woods : America's New Deal for an open world. 1969
HJ257.L49 Levine, Charles H.	Managing fiscal stress : the crisis in the public sector. 1980
JK417.U72G62 1978 United States. Congress. Senate. Committee on Governmental Affairs.	Oversight of the Government in the sunshine act, Public Law 94-409 : hearings. 1978
S439.F664 Food and Agriculture Organization of the United Nations.	Agriculture, toward 2000. 1981
S452.J73 Josling, Timothy Edward.	Options for farm policy in the European Community. 1981
SB19.A36 no. 165 Gasser, William R.	Survey of irrigation in eight Asian nations, India, Pakistan, Indonesia, Thailand, Bangladesh, South Korea, Philippines, and Sri Lanka. 1981
SB191.M2L3 Leath, Mack N.	U.S. corn industry. 1982

TL23.U636 1981

United States. Congress.
House. Committee on
Government Operations.

The administration's proposals to help the
U.S. auto industry : hearings before a
subcommittee of the Committee on Government
Operations, House of Representatives,
Ninety-seventh Congress, first session, May
13 and 14, 1981. 1981

TP946.K5

The Kline guide to the ink industry. 1981

TS1890.U55 1980

United States. Congress.
House. Committee on
Foreign Affairs.

International natural rubber agreement :
hearings and markup before the Committee on
Foreign Affairs and its Subcommittee on
International Economic Policy and Trade,
House of Representatives, Ninety-sixth
Congress, second session, 1980. 1981

CURRENT CONTENTS FROM THE PERIODICALS DESK

Delores Edwards

The following tables of contents from selected journals are included for informational purposes. These issues are kept on reserve in the Library and may be consulted there. Copies will circulate on request when the next issue is received.

across the board

June 1982

The cover—The celebrants of "vitamin" B-15 say it can produce the happy results shown in this illustration, and many more. The artist is Ronald Chronna. Page 11

David L. Nye	Commentary	Ban the boob!		3
Ann C. Brown		Nine lively hints for stock market success		5
				
Lee Edson		INTUITION		6
		In everyday life, it may mean judging character, calling a turn on Wall Street, daring to take a business action		
Elizabeth M. Whelan		IT'S STILL SNAKE OIL		11
		The biography of a hoax		
Marjorie Sun		The Dilantin fund		17
Charles William Maynes		Old errors in the new Cold War		20
Francine du Plessix Gray		'There is no maternal instinct'		31
Douglas N. Dickson		Sugar babies revisited		36
		The readers respond. What is the verdict?		
James Michie		Gentlemen		41
Leslie D. Ball		Computer crime is a growth business		42
Edgar R. Fiedler	Books	Three economists in a phone booth, one with the wrong number		50
Martin E. Marty		A loss in the family		54
Howard Muson		Women's work		59
Betty Bock		The paper security blanket		64
Charles L. Schultze	Commentary	How much will the defense budget help defense?		67
George Cruikshank		The welderly		72
	Letters	'Colossal cheek'		74
		Ellen Karsh replies		
Jack Luzzatto	Crossword Puzzle	Bounties Unlimited		76

Published 11 times annually (the July and August issues are combined) by The Conference Board Inc. (ISSN 0147-1554). James T. Mills, President, 845 Third Avenue, New York, N.Y. 10022. Printed in North Abington, Mass. Second-class postage paid at New York, N.Y., and at additional mailing offices.

Postmaster: Send address changes to across the board, 845 Third Avenue, New York, N.Y. 10022.

Subscription rates: CB Associate and educational rate, \$15 annually, single copies, \$1.50. Available to non-Associates, \$30 annually, single copies, \$3.00. Copyright 1982 The Conference Board Inc. Redistribution or reproduction by any means of any part of across the board is prohibited without written permission. Advertising Manager Harry W. Hochman, Hochman Associates, Inc., 400 East 56 Street, New York, N.Y. 10022. (212) 371-4932.

Editor
Managing Editor
Art Director
Picture Editor
Assistant Editor
Assistant to the Editor

Lewis Bergman
Gretchen Griffin Haight
Josef Kozlakowski
Barbara Kapiowitz
Darlene Shiber Sneden
Nancy Soes

across the board

July/August 1982

The cover—"What should I do with my life?" is a question Ann Freeman would like answered, as she takes an aptitude test at the Johnson O'Connor Research Foundation. Photograph by Richard Pan. Page 17

Sherwin D. Smith	Commentary	Why 'lady' is now a four-letter word	2
James Michie		Ladies	4
Richard Viguene		The New Right: Genesis	5
Robert MacNeil		A MacNeil report on liberalism	9
A.H. Raskin		Can management and labor really become partners?	12
John Hein		What should I do with my life? (Or what should I have done with it?)	17
		Answers to such questions—or at least clues to the answers—are provided by a special testing laboratory	
National Academy of Sciences	Aptly tests	'A shift in policy from equal treatment to equal outcome.'	25
		'They can provide useful information about the probability of an applicant's performing successfully on the job.'	27
		The son of an affluent mathematics professor scores 700. A working-class woman scores 650. They compete for a single opening . . .	32
Frank L. Schmidt and John E. Hunter		The money test	35
Commission on the Higher Education of Minorities		'Tests and grades fail to contribute to the learning process, and pose special obstacles to the development of minority students.'	37
Lee Edson	Books	IQ question: What does <i>g</i> stand for?	40
Lora S. Collins		Another Great Depression? A Great Malaise is more likely.	44



Barry R. Schneider		Missile Experimental—Mission Uncertain	48
Randall Poe		Hello, Columbus	56
Fritz K. Plous, Jr.		Flexiplace	66
	Letters	'Compounding a folly'	69
Threba Johnson	Crossword Puzzle	You Can Bank on It	72

Published 11 times annually (the July and August issues are combined) by The Conference Board Inc. (ISSN 0147-1554). James T. Mills, President, 845 Third Avenue, New York, N.Y. 10022. Printed in North Abington, Mass. Second-class postage paid at New York, N.Y., and at additional mailing offices.

Postmaster: Send address changes to across the board, 845 Third Avenue, New York, N.Y. 10022

Subscription rates: CB Associate and educational rate, \$15 annually, single copies, \$1.50. Available to non-Associates, \$30 annually, single copies, \$3.00. Copyright 1982 The Conference Board Inc. Redistribution or reproduction by any means of any part of across the board is prohibited without written permission. Advertising Manager Harry W. Hochman, Hochman Associates, Inc., 400 East 56 Street, New York, N.Y. 10022 (212) 371-4932.

Editor
Managing Editor
Art Director
Picture Editor
Assistant Editor
Assistant to the Editor

Lewis Bergman
Gretchen Griffin Haight
Josef Kozlakowski
Barbara Kapiowicz
Darlene Shiber Snedden
Nancy Boas

The American Economic Review

ARTICLES

- D. D. HADDOCK** Basing-Point Pricing: Competitive vs. Collusive Theories
- G. A. AKERLOF AND W. T. DICKENS**
The Economic Consequences of Cognitive Dissonance
- R. I. MCKINNON** Currency Substitution and Instability
in the World Dollar Market
- A. S. BLINDER** Inventories and Sticky Prices
- R. SCHMALENSEE** Product Differentiation Advantages of Pioneering Brands
- I. EHRLICH AND L. FISHER**
The Derived Demand for Advertising
- W. J. ETHIER** National and International Returns to Scale
in the Modern Theory of International Trade
- R. H. DAY** Irregular Growth Cycles
- R. S. PINDYCK** Adjustment Costs, Uncertainty, and the Behavior of the Firm
- B. K. ATROSTIC** The Demand for Leisure and Nonpecuniary
Job Characteristics
- A. DE VANY AND G. FREY**
Backlogs and the Value of Excess Capacity
in the Steel Industry
- J. M. FINGER, H. K. HALL, AND D. R. NELSON**
The Political Economy of Administered Protection
- K. A. SMALL** The Scheduling of Consumer Activities: Work Trips

SHORTER PAPERS: A. Coddington; G. Burtless and D. Greenberg; R. S. Chirinko; D. W. Mitchell and H. E. Taylor; A. Cukierman and P. Wachtell; P. J. W. N. Bird; R. J. Gilbert and D. M. G. Newbery; M. J. Flannery; R. Ram; J. Pippenger; R. A. Heiner; W. A. Kelly, Jr.; J. H. McCulloch; W. W. Pommerrehne, F. Schneider, and P. Zweifel; D. M. Grether and C. R. Plott; R. J. Reilly; A. A. Schulman; J. R. Melvin; L. Soderstrom; S. J. Liebowitz and S. E. Margolis; J. A. Ordover and R. D. Willig.

JUNE 1982

The Columbia Journal of World Business. (v. 16, no.4, Winter, 1981)

In This Issue

THE NEW "INTERNATIONAL BANKING FACILITY": A STUDY IN REGULATORY FRUSTRATION

Page 6

Franklin R. Edwards

In December of 1981 the Federal Reserve authorized the creation of International Banking Facilities (IBF's), or special regulatory arrangements through which banks located in the United States can conduct international banking activities free from domestic regulatory constraints. The primary purpose behind the creation of these "facilities" is to try to bring home the huge Eurodollar market that has grown up outside the United States during the past twenty years. Professor Edwards discusses the key events that led to the creation of IBF's within the context of a general review of the economic and regulatory history of the Eurodollar market.

OFFSHORE BRANCHES AND GLOBAL BANKING—ONE BANK'S VIEW

Page 19

Thomas C. Theobald

The distinction between domestic and offshore banking is disappearing, leaving only a global market. Government regulation seeking to control the flow of money leads to such innovations as the Eurodollar, and illustrates the fact that there is not only a global market but an era of emerging communications. Governmental worries about the activities of international financial institutions in such areas as data transmission and loan losses are not relevant.

RISK MINIMIZATION FOR INTERNATIONAL LENDING IN REGIONAL BANKS

Page 21

Christopher M. Korth

International lending introduces a commercial bank to an entirely new dimension of risks compared to those confronted in domestic banking. All of the risks of domestic lending exist in international lending as well—and often with very unique elements. In addition, international lending leads to several new categories of risks which are not present in domestic lending.

THE GROWTH STRATEGIES OF NEW YORK BASED FOREIGN BANKS

Page 29

Samuel Rabino

The increase in the level of activities of foreign banks has become a source of both concern and admiration to the American banking sector. This study evaluates planning and marketing strategies of New York-based foreign banks. Marketing strategy is examined along two dimensions: Organizational form and regional affiliation.

CHALLENGES TO THE USE OF THE DOCUMENTARY CREDIT IN INTERNATIONAL TRADE TRANSACTIONS

Page 36

Frank R. Ryder

The documentary letter of credit has been useful in facilitating commercial transactions between buyers and sellers in different countries. However, these letters of credit are vulnerable to fraud and forgery. Another problem area is the exercise of local jurisdiction in settling disputes that arise under documentary credits, which are international in nature.

**EXPORT TRADING COMPANIES: CURRENT LEGISLATION, REGULATION AND
COMMERCIAL BANK INVOLVEMENT**

Page 42

Ralph H. Chew

The United States Senate recently passed the Export Trading Company Act. The Act would allow US banks and bank holding companies to own ETCs, but does not bite the bullet with regard to the overregulation of the industry. While acknowledging that "the development of export trading companies in the United States has been hampered . . . by Government regulations," (S.731, Title I, Sec. 102(a)(7) the proposed legislation does nothing to free American export entrepreneurs from government regulatory shackles. The author is unaware of any serious effort on the part of the Senate sponsors of the Act to build upon the impressive record of existing ETCs, or even to examine the dangers to current US export activities posed by the bank related provisions of the proposed legislation. The article examines these neglected issues.

**THE DECLINE IN PRODUCTIVITY GROWTH—CAUSES, CONSEQUENCES AND
POSSIBLE REMEDIES**

Page 48

Michel A. Amsalem

Since 1977, no growth of productivity has been seen in the developed countries, which before 1973 had a rate of increase of 4.5 percent a year. Contradictory theories have been offered to explain the causes of this trend, and conflicting remedies have been recommended. Members of the International Academy of Management were surveyed, and a consensus emerged that the decline in productivity growth is the result of a conjunction of factors and can only be fought by a mixture of policy measures.

DOMESTIC CONTENT OF US AUTOMOBILE IMPORTS: A UAW PROPOSAL

Page 57

Douglas A. Fraser

The US is the only major nation without a coherent, employment oriented auto industry policy. Legislation is needed to pressure the Japanese, our major rivals, to build plants and create jobs here, where their largest market is. Content laws, which would lead to increased investment and prevent further loss of jobs, would be superior to measures which simply limit imports.

THE SPREADING NATIONALIZATION OF EUROPEAN INDUSTRY

Page 62

Kenneth D. Walters**R. Joseph Monsen**

The past decade has seen a dramatic growth in the number and size of state-owned companies in Western Europe. State firms are now common in many industries where only private firms were previously found, and a number of industries are now dominated by state-owned firms. Nationalization is rapidly changing the face of Europe's mixed economy and may even portend the demise of capitalism itself in Europe.

THE ROLE OF LICENSING IN INTERNATIONAL STRATEGY

Page 73

Farok J. Contractor

The role of licensing in international strategy is viewed in the context of the alternative overseas expansion options of direct investment or exporting. Several policy variables and circumstances are presented where licensing would be the preferred option. Professor Contractor also reviews changing global conditions for international business which are likely to favor licensing, particularly in some regions.

ECONOMIC THEORY



Volume XX, Number 2

APRIL 1982

ARTICLES

- | | |
|--|---|
| Markets as Economizers of Information:
Experimental Examination of the
"Hayek Hypothesis" | Vernon L. Smith |
| Equilibrium Patterns of Competition
in OCS Lease Sales | James L. Smith |
| A Theory of Intergenerational Clubs | Todd Sandler |
| Inflation, Output, and Employment:
Some Clarifications | Dan E. Birch, Alan A. Rabin
and Leland B. Yeager |
| Modeling the Short-Run Demand for
Money with Exogenous Supply | Warren L. Coats, Jr. |
| A Model of Optimal Plant Size
with an Application to the Demand
for Cognitive Achievement and
for School Size | Lawrence W. Kenny |
| Lifetime Consumption, Labor Supply and
Fertility: A Complete Demand System | Wayne Joerding |
| An Empirical Test of the Ramsey Theory
and Stigler-Peltzman Theory of
Public Utility Pricing | Randy A. Nelson |
| Risk, Transactions Charges, and
the Market for Foreign Exchange
Services | Stephen Frank Overturf |
| The Law of Demand, Positive Sloping
Marginal Revenue, and Multiple
Profit Equilibria | John P. Formby,
Stephen Layson, and W. James Smith |
| Monetarist Econometric Models and the
Effects of Tax Cuts: Reply | Richard T. Froyen |

NO. 366

JUNE 1982

VOL. 92

The ECONOMIC JOURNAL

THE QUARTERLY JOURNAL OF THE
ROYAL ECONOMIC SOCIETY

ARTICLES

- Asset Holdings and the Life-Cycle
M. A. KING and L-D. L. DICKS-MIREAUX 247
- The Portfolio Composition of Asset Holdings in the United Kingdom
A. SHORROCKS 268
- The Macroeconomic Implications of a Resource Discovery in an Open Economy
R. K. EASTWOOD and A. J. VENABLES 285
- The Costs of the State Earnings Related Pension Scheme
R. HEMMING and J. A. KAY 300
- The Duhem-Quine Thesis, Lakatos and the Appraisal of Theories in Macroeconomics
R. CROSS 320
- On the Economics of Philanthropy
R. SUGDEN 341
- Modelling the Joint Determination of Household Labour Supplies and Commodity Demands
R. BLUNDELL and I. WALKER 351
- Discriminating Monopoly and International Trade
W. J. RIEBER 365

NOTES AND MEMORANDA

- Joint Production and the Wage-Rent Frontier
I. STEEDMAN 377
- Two Theorems on Joint Production
C. FILIPPINI and L. FILIPPINI 386
- Factors Affecting the Probability of Being Acquired: Evidence for the United States
S. SCHWARTZ 391
- Unemployment and the Theory of Customs Unions
E. S. H. YU 399
- British Government Popularity and Economic Performance: A Comment
V. K. BOROOAH and F. VAN DER PLOEG 405
- A Politico-Economic Model of the United Kingdom: A Corrigendum
B. S. FREY and F. SCHNEIDER 410

REVIEWS (for a list of books reviewed see outside back cover) 411

NOTES ON NEW BOOKS and Books received 471

SSRC GRANTS Completed Projects 517

CURRENT TOPICS 526

CAMBRIDGE UNIVERSITY PRESS

ISSN 0013-0427

ECONOMICA

INTERNATIONAL INSTITUTE
OF STATISTICS

Vol. 49

May 1982

No. 194

CONTENTS

Mirrored Pairs of Optimization Problems	PETER NEWMAN	109
A Micro-macroeconomic Analysis Based on a Representative Firm	YEW-KWANG NG	121
On the 'Employment' Decision of a Labour-managed Firm	A. A. BREWER and M. J. BROVNING	141
The Effects of Incomes Policies on the Frequency and Size of Wage Changes	JOHN H. PENCARFI	147
Quarterly Returns to Investment in Ordinary Shares, 1919-1970	LUCIEN FOLDES and PAULINE WATSON	161
Household Attributes and the Demand for Private Rental Housing	K. AWAN, J. C. ODLING-SMEE and CHRISTINE M. E. WHITEHEAD	183
Seven Centuries of Real Income per Wage-earner Reconsidered: A Note	H. F. LYDALL and E. H. PHELPS BROWN	201
Book Reviews		207
Books Received		215

Published Quarterly by

**THE LONDON SCHOOL OF ECONOMICS
AND POLITICAL SCIENCE**

PRICE £4.00 POST FREE

The Economist



The Pope came

Fortunately, page 12 And conquered, page 35



How to avoid

The next Falkland war, page 11. The progress of this one, pages 19-22.

Waiting for Quixote

Spain's in Nato, but is Nato in Spain?, page 47.

Garibaldi's legacy

Which party will inherit?, page 46. Italian bosses rebel, page 65.

Right? Right

Swings to conservatives in Holland, page 48, and Colombia, page 62.

Voodoo statistics

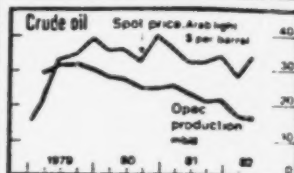
America's gnp revisited, page 26

Cancer search

For a magic bullet, page 85.

TV screens

Can videoconferencing pay?, page 87 And pay-TV pirates be foiled?, page 86



Cartel at work

Fight Opec, page 16

Naked to Iran

Neither smiles nor growls help shivering Arabs, page 57 Last ridge to Baghdad, page 58



Soft centre

Reagan's there, says the right, page 25.

Life with Andropov

What the west's summiteers should really be talking about, page 13. Better ex-KGB boss than he looks?, page 54. Start's start day, page 61.

Neo-neutralism

The Dutch quailm disease, pages 43-45.



Deal with Castro?

What the United States should be looking for, page 14.

Matches

Mercantile House and Oppenheimer, page 77 British mergers, page 66. Co-operatives, page 68

JUNE 5, 1982

Volume 283 Number 7240

World politics and current affairs

- 11 The next Falkland war
- 12 Blessed is a peacemaking Pope
- 13 Look forward, summiteers
- 14 America and Cuba: Whispers after silence
- 16 Opec shows its claws
- 19 **Falklands:** The noose round Port Stanley. War graves; War laws; Edwardian scrapbook; Mrs Thatcher; Latin America; Argentina
- 25 **American Survey:** Cannon to right of him volleys and trundle; Statistics; Gary Hart; Health care; Emergency centres; Unlucky drivers; Shipping
- 35 **Britain:** The Pope came; Lord Denning; National Health Service; Union elections; North Sea oil; Government security; Conservative party centralisation; Economic forecasting; Breathalysers
- 43 **Neutralism in Europe:** The Dutch quailm disease—an essay by Frits Bolkestein
- 47 **Europe:** Ask not what Spain can do for Nato; Holland; Garibaldi; France; Soviet leadership **European Community:** The remaking of the president, May in the EEC
- 57 **International:** Growls and smiles won't stop Khomeini's holy war; Iraq-Iran frontier; Egypt; Israel; France and Lebanon; Chad; Nuclear weapons; China and Japan; Bolivia; El Salvador; Colombia

Business, finance and science

- 63 **This week**
- 65 **World Business:** Italy's padroni jump off the moving staircase; Foreign exchanges; British mergers; West European economies; British co-operative retailing; Export credits; Anglo American; Canadian oil; Australian cars; Peugeot and Citroen; Russian coal; Trade agreements; European airlines
- 77 **Finance:** Mercantile House scales the Wall to the rest of the world; Bond Corporation Holdings; Savings & loan associations; Anglia Building Society; Canadian stock markets; British plantations
- 82 **Business Brief:** West Germany's corporate alchemists
- 85 **Science and Technology:** Targeting in on cancer cells; Cable television; Videoconferencing; Japanese technology; American farm research

Books and letters

- 91 **Books:** Tony Crosland; Luchino Visconti; Population history; Public expenditure; Ballet
- 4 **Letters**

© The Economist Newspaper Ltd, London, 1982. Printed in the USA



Subscription service

Subscription Department, The Economist Newspaper Limited
P.O. Box 2700, Woburn, MA 01888, U.S.A.

Please enter a subscription for 1 year. I enclose payment of

- | | | | |
|---|------------------------------------|----------|------------------------------------|
| USA | ☐ US\$85.00 | Students | ☐ US\$52.00 |
| Canada | ☐ US\$85.00 | Students | ☐ US\$52.00 |
| Mexico | ☐ US\$85.00 | Students | ☐ US\$52.00 |
| ☐ Bill me later ☐ Quarterly index, USA, Canada & Mexico US\$12.00 | | | |

Name

Address

City

State

Zip code

Organisation

(name)

(address)

USCF

The Economist



After Stanley

Antarctic settlement?, page 12
Preparing for the set-piece battle, pages 19-22



North of Armageddon

The crushing of the PLO, page 23, doesn't expunge the question of what to do about the Palestinians, page 11. The Jew who left his money to the PLO, page 46.



Seven at the summit

What they should have said, page 14. Europe looks at Reagan, page 57, who upstages Russians again, page 58. Some change in currencies, page 71. Car trade unfair to Japan, page 16.

Yes and no

Why America's UN envoys try to have it both ways, page 41.

Goodbye, Schmidt?

The case for a change of government in West Germany, page 13. Hamburgered, page 59.

Railway buffers

In Britain, page 49.

Off or on?

Fading hopes for west Europe's offshore oil and gas, a survey after page 56. Risky money for New Zealand's synfuels, page 87. American equipment for Russian oil?, page 70. BP cash flow, page 69.



Jenkins v. Owen

Britain's most unpredictable election, page 50. Predictable SDP policies, and Labour rows, page 51.

Cork's prescription

For British bankruptcies, page 89. Bust in America, page 45.

JUNE 12, 1982

Volume 283 Number 7241

World politics and current affairs

- 11 Israel and Syria: North of Armageddon
- 12 And after Stanley?
- 13 Go on, Genscher
- 14 Lies at Versailles
- 16 Being beastly to Japan's cars
- 19 **Falklands:** The battle for Stanley. *The next stage; Gurkhas; Shackleton's report; United Nations; Israel's arms sales; Argentina; Harriers*
- 23 **International:** The mortal wounding of the PLO?; *Israel; Shia Moslems; Chad; Mauritius; Mozambique; Senegambia; Tell-tale toxins; China; Pakistan*
- 33 **American Survey:** Happy days are here again, hope the Democrats; *Minnesota; Campaign spending; UN ambassadors; Visas for leftists; Bankruptcies; Savings and loans; Legacies*
- 49 **Britain:** British Rail's terminus; *SDP; SDPconomics; The economy; Labour party; Health insurance; Social security; Video porn; Legal aid; Wages councils; Liverpool*
- 56 **Western Europe's oil and gas:** On or off? a survey
- 57 **Europe:** So that's what Reagan's like; *Troop-cut talks; Nato misses 3% again; West Germany; Cyprus; Spain. European Community: Fishing up to Britain's beaches?; Cheap cars; Greenland*

Business, finance and science

- 67 **This week**
- 69 **World Business:** Crying over spilt oil at British Petroleum; *Sakhalin oil and gas; Currencies; Zimbabwe and Botswana; Ivory Coast's tourism; American travel agents; European steel; Brazilian steel exports; Levi Strauss; Jordache jeans; International Computers Limited; China's trade*
- 87 **Finance:** Is it sinful for bankers to think big in New Zealand?; *Mesa/Cities Service; Capital gains tax; British insolvency; Company agms; American property; Security Pacific*
- 95 **Science and Technology:** Will space wars leave the silver screen?; *Writing to computers; Databases; Valium*

Books and letters

- 101 **Books:** American business; *Ethics and nuclear weapons; Arab-Israeli wars; Thomas Hardy; Property*
- 4 **Letters**

© The Economist Newspaper Ltd. London, 1982. Printed in the USA

Subscription Service Department P.O. Box 1700 Boston, Massachusetts 01588		Toll-free 1-800-343-1700 in Massachusetts call 1-800-842-1547
Subscriptions in the U.S. are entered to service in U.S., Canada and Mexico. For rest of the world, subscription information please contact:		
The Economist Subscription Department 20 St. James's Street London W1A 1HQ		
1 year (62 issues) \$37.00 100 weeks \$370.00 Quarterly index \$14.00 Student rate \$20.00 Payment enclosed \$5.00		

The Economist



The end of the day

Benefits of a pocket war that may be easily squandered, page 11. Misjudgments that led to war, pages 35-43. The retaking of Stanley, and after, page 31. Argentine loans, page 92.

Our cover picture is a frame from film taken by Bob Hammond, frozen and reproduced for us by ITN

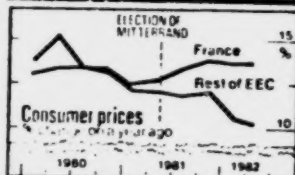


Pincered Arabs

Could fear of Iran eventually point them to compromise with Israel—if Israel permits? page 13. The PLO's last stand, page 21. Blood and rubble on Israel's line of advance, pages 21 and 22. America behind Israel's goal, page 23. Saudi Arabia's pro-western new king, page 24.

Reagan after Europe

More dignified than masterful, page 15.



Je reviens

President Mitterrand rejoins the west's economic laager, page 14. How a policy was reversed, page 59. De Gaulle in 1968, page 60.

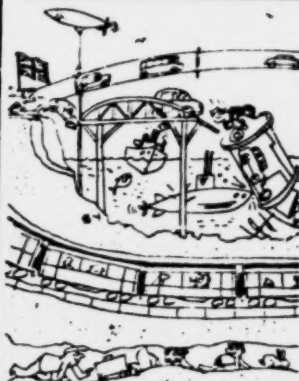


Prior's first battle

To get Ulster's politicians to govern, page 16.

Thatcher's next war

The problems of peace, page 53. Strike fever in Britain, page 54.



Chunnelling

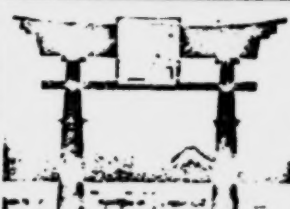
No to British Rail, page 18; yes to drive-through, pages 69-71.

They all laughed

At Columbus, Indiana, America's architectural city, page 48.

Justice

Too important to be left to judges? page 45. Californians vote for action, page 46.



Japan's technology

Tomorrow's leaders—a survey after page 58.

JUNE 19, 1982

Volume 283 Number 7242

World politics and current affairs

- 11 **Falkland Islands:** At the end of the day
- 12 The inquest into how the war began
- 13 Middle East: The bleaker battlefield
- 14 France: Mitterrand revient
- 15 Reagan not yet on top
- 16 Ulster's lonely Jim Prior
- 18 Channel in the age of the car
- 21 **International:** Lebanon under Israel's shadow; War damage; America and Israel; PLO's arsenal; Iraq; Saudi Arabia; Chad; South Africa; Guatemala
- 31 **Falkland Islands:** Will peace prove harder than war?; Prisoners of war; The last battle; Argentina; Trade sanctions; Cost of war
- 35 **Falkland Islands:** The misjudgments that led to the Falklands war: a five-page article
- 45 **American Survey:** Courts in the dock; California; Illegal aliens; Alaska; Peace movement; Federal Trade Commission; Indiana; Scientific advisers; High technology firms
- 53 **Britain:** The problems of peace; By-elections; Strikes; Labour party; Transport; British Steel; Airline pay; Val and theatres; Radio; Teacher quality; Police; Shetland Islands; National Trust
- 58 **Japan's technology:** Tomorrow's leaders—a survey
- 59 **Europe:** Mitterrand knows where the brakes are; De Gaulle; West Germany; Turkey; Spain; Poland; World Cup. **European Community:** The future of the veto; Fish; Cartels

Business, finance and science

- 67 **This week**
- 69 **World Business:** Fog over Channel, Continent not cut off; American antitrust; Currencies; Volvo; Océ; Steel trade; Hesketh Motorcycles; West German cars; Niger's uranium; Company chairmen
- 91 **Finance:** Wall Street walks through the shadow of the valley of debt; US Steel; Argentine loans; Britain's inner cities; Banco Ambrosiano; Pension funds; Swiss banks
- 95 **Business Brief:** Cuba—Mother Russia's son
- 99 **Science and Technology:** Video cameras are looking up; Futuristic electronics; Space shots; Sleep; Ethanol

Books and letters

- 105 **Books:** Diplomacy, war and technology; Graham Sutherland; Subhas Bose; Economics; Arms sales
- 4 **Letters**

© The Economist Newspaper Ltd, London, 1982. Printed in the USA

	Subscription Service Department P.O. Box 2700 Woburn, Massachusetts 01888	Toll-free 1-800-343-1700 (In Massachusetts call 1-800-842-1542)
Name _____ Company _____ Address _____ City _____ State _____ Zip _____ Please send me _____ (Indicate number of copies)	Subscription rates (in U.S. \$) are limited to service in U.S., Canada and Mexico. For rest of the world subscription information please contact: The Economist Subscription Department 25 St James's Street London SW1A 1HG 1 year (52 issues) \$65.00 100 weeks \$150.00 Quarterly index \$24.00 Student rate \$50.00 Payment enclosed _____	

The Economist



Wanted

Freedom for Paul Volcker, page 13. Simple American taxes, page 21. A balanced federal budget, page 22.



Dr Owen

We presume, page 12.



Out of ruins

A chance to change the Middle East's politics, page 11. Sword over Beirut, page 35. No home for the PLO, page 36.



Out of defeat

Is Argentina swinging back on its old pendulum?, page 14. Send back those prisoners, page 15. Britain thanks America, page 32. Tidying-up in the Falklands, page 39. Now for the arms deals, page 76.

Post-Falklands Britain

Back to factious normality, page 59. The coming defence battle, page 16. Britain's mood, and the last of our Falklands opinion polls, pages 63 and 64.

All over?

No, in Afghanistan, page 40, or the Gulf war, page 39.



Europe v. America

Mr Reagan's sanctions, page 18. Europe's reaction, pages 52 and 53. Injured AEG-Telefunken, page 76.

Oh, Canada

How not to run an economy, pages 71-74.

Spain stumbles

Tripped up by its journalists, page 47, and France, page 48.

Wishful thinking

European chips are losing out, page 92.

End of ERA

But not end of era, page 22.

The liquidity factor

Britain's wet and America's dry, page 87.

JUNE 26, 1982

Volume 283 Number 7243

World politics and current affairs

- 11 Building from the Middle East's rubble
- 12 Send for the SDP's Doctor
- 13 Innocent Paul Volcker
- 14 Weimar Argentina
- 15 Send the Falkland prisoners home
- 16 Battle-stations for Britain's defence
- 18 Exporting American sanctions
- 21 **American Survey:** Towards a simple income tax; *The budget; Equal rights amendment; Raymond Donovan; John Hinckley; United States and Libya; Cities; Utah; Immigrants from Vietnam; Britain says thank you*
- 35 **International:** The sword hanging over Beirut; *The PLO; Israel; Falklands; Gulf war; Afghanistan and Pakistan; Afghan war; Ethiopia and Sudan; Eritreans; Kampuchea; India; Zambia*
- 47 **Europe:** The Rock that could block Spain's road to Europe; *Portugal; Spain and France; France's electoral system; West Germany; That pipeline; Soviet Union. European Community:* Oh, God, hello again; *Euro-MPs' expenses*
- 59 **Britain:** Sure signs that Britain has returned to normal; *Labour party; Strikes; Labour policy; Health service pay; Britain's post-Falklands mood; Defence; Opinion poll; Arms sales; Rolls-Royce; Takeovers; Royal baby; Royal Academy; Budget reform*

Business, finance and science

- 69 **This week**
- 71 **World Business:** Everybody is right about what has gone wrong in Canada; *Canadian companies; Industrial espionage; British arms; AEG-Telefunken; British chemicals; Halcon; South African business; Commodity agreements; Indian aid; Tin; Commodity index; Cornish tin*
- 87 **Finance:** English lesson for corporate America; *Itel Corporation; Turkish bankers; British credit cards; Banco Ambrosiano; Hongkong property; Building societies; Australian entrepreneurs*
- 92 **Business Brief:** The chips are down
- 95 **Science and Technology:** The pitfalls of trying to promote innovation: a four-page review

Books and letters

- 101 **Books:** The R101; *Evelyn; Waugh; Action learning; Robin Hood; Drugs; Henry Williamson; Lord Reading*
- 4 **Letters**

© The Economist Newspaper Ltd, London, 1982. Printed in the USA

The Economist Subscription Service Department P.O. Box 2700 Woburn, Massachusetts 01808		Toll-free 1-800-343-1700 (in Massachusetts call 1-800-842-1542)	
Name _____ Organization _____ Address _____ City _____ State _____ Zip _____		Subscription rates (in U.S. \$) are limited to service in U.S., Canada and Mexico. For rest of the world subscription information, please contact: The Economist Subscription Department 25 St. James's Street London SW1A 1HG	
☐ 1 year (52 issues) \$85.00 ☐ 100 weeks \$150.00 ☐ Quarterly Index \$24.00 ☐ Student rate \$52.00 ☐ Payment enclosed ☐ Bill me		☐ Applying for student rate ☐ Payment enclosed	

BEST DOCUMENT AVAILABLE

FOREIGN AFFAIRS

16



SUMMER 1982

Ceasefire Between the Branches: A Compact in Foreign Affairs	<i>Warren Christopher</i>	989
The Law of the Sea: A Crossroads for American Foreign Policy	<i>Leigh S. Ratiner</i>	1006
Action Steps After Cancún	<i>Pedro-Pablo Kuczynski</i>	1022
Sinking in the Caribbean Basin	<i>Robert Pastor</i>	1038
What To Do About the U.S.-Japan Economic Conflict	<i>C. Fred Bergsten</i>	1059
Society, Science and Climate Change	<i>William W. Kellogg and Robert Schware</i>	1076
Why Begin Should Invite Arafat to Jerusalem ...	<i>Joseph Alpher</i>	1110
MILITARY AND POLITICAL POLICY		
Maritime Strategy vs. Coalition Defense ...	<i>Robert W. Komer</i>	1124
The Atlantic Alliance: Prescriptions for a Difficult Decade	<i>General Bernard W. Rogers</i>	1145
Nuclear Weapons and the Preservation of Peace: A German Response	<i>Karl Kaiser, Georg Leber, Alois Mertes, Franz-Josef Schulze</i>	1157
The Debate over No First Use	<i>Stanley Kober, General David C. Jones, Earl C. Ravenal, Carl N. Anderson, Donald L. Hafner</i>	1171
Comment and Correspondence	<i>Richard Dine, Albert O. Hirschman, David E. Hallberg</i>	1181
Recent Books on International Relations		1187
Source Material	<i>Janet Rigney</i>	1207
Index—Volume 60		1218

WILLIAM P. BUNDY
Editor

JENNIFER SEYMOUR WHITAKER
Associate Editor

JAMES CHACE
Managing Editor
MARK A. UHLIG
Assistant Editor

LUCY EDWARDS DESPARD
Book Editor

SHEILA G. BRILL
Assistant to the Editor

KAY KING
Editorial Assistant

MAE BENETT
Assistant to the Managing Editor

DORIS ELIZABETH FOREST
Publisher

GRACE DARLING GRIFFIN
Director, Promotion/Book Advertising

ROBERT F. SENNOTT, JR.
Advertising Director

MARK GAUTHIER
Circulation Manager

Editorial Advisory Board

CATHERINE GANTNER
Assistant to the Publisher

A. DOAK BARNETT
JAMES H. BILLINGTON
HARVEY BROOKS

PHILIP C. HABIB
CARL KAYSER
JOHN J. MCCLOY

HARRY C. MCPHERSON, JR.
WILLIAM M. ROTH
FRITZ STERN

Vol. 60, No. 5, Copyright © 1982, Council on Foreign Relations, Inc. Printed in the U.S.A.

FOREIGN POLICY

NUMBER 47 SUMMER 1982 \$4.00

-
- | | |
|------------|--|
| | THE BIGGER PICTURE |
| 3 | The Arab Road
<i>Fouad Ajami</i> |
| 26 | The Real Russia
<i>Thompson R. Buchanan</i> |
| 46 | Asian Angst
<i>Bernard K. Gordon</i> |
| <hr/> | |
| 66 | The Absent Opposition
<i>Theodore C. Sorensen</i> |
| 82 | Opening Japan
<i>Kent E. Calder</i> |
| 98 | ReStarting Arms Control
<i>Joseph S. Nye, Jr.</i> |
| <hr/> | |
| 114 | CARIBBEAN BASIN
INITIATIVE
<i>Abraham F. Lowenthal</i>
<i>Peter Johnson</i>
<i>Rafael Hernández-Colón</i>
<i>Baltasar Corrada</i>
<i>Sidney Weintraub</i>
<i>Richard E. Feinberg &</i>
<i>Richard S. Newfarmer</i> |
| <hr/> | |
| 139 | Afghanistan:
A Neutral Solution
<i>Jagat S. Mehta</i> |
| 154 | Mineral Myths
<i>Michael Shafer</i> |
| 172 | Dateline Washington:
Anti-Semitism And
U.S. Foreign Policy
<i>Stephen S. Rosenfeld</i> |
| 184 | Letters |
-

INTER ECONOMICS

No. 3 (May/June)

17th Year 1982

EDITORIAL

USA-Europe: Conflict over
Development Financing?

Manfred Holthus 105

ARTICLES

EC

Distributional Effects of the EC Budget

Angela Nottelmann 107

FOREIGN TRADE

Toward Better Japan-Europe
Economic Relations

Hiroya Ichikawa 112

The Middle East and the EEC:
An Analysis of Trade Flows

Rodney Wilson 118

EXTERNAL DEBT

Foreign Indebtedness and Economic Growth:
The Philippines

Rainer Erbe 125

ABSORPTIVE CAPACITY

The Concept of Absorptive Capacity:
Origins, Content and Practical Relevance

Felipe Berger 133

SUB-SAHARA

Development Policy in Crisis -
The Case of Sub-Saharan Africa and its
Consequences for Cooperation

Wolfgang Zehender 138

INTEGRATION

South-South Cooperation and Economic Order

Jörn Altmann 143

REPORT

Economic Development in Eastern Europe

148

ECONOMIC TRENDS

The Economic Situation in the Federal Republic of Germany

153

HWWA Index of World Market Prices of Raw Materials

156

A PUBLICATION OF:

HWWA-Institut für Wirtschaftsforschung-
Hamburg

(Professor Dr. Armin Gutowski,
Dr. Dietrich Kabschull)

EDITORIAL BOARD:

Chief Editor: Dr. Otto G. Mayer

Assistant Chief Editor:

Dr. Klaus Kwasniewski

Editors: Claus Hamann,
Helga Lange, Helga Wenke,
Irene Wilson, Klaus Peter Zanzig

Address:

Neuer Jungfernstieg 21
2000 Hamburg 36
Phone: (0 40) 35 62 306/307

PUBLISHING HOUSE:

Verlag Weltarchiv GmbH, Hamburg

Address:

Neuer Jungfernstieg 21
2000 Hamburg 36
Phone: (0 40) 35 62 500

Advertising Price List:

No. 15 of Jan. 1, 1977

Rates of Subscription:

Single issue: DM 12.-;
Annual rate: DM 60.-
(Students: DM 30.-)

Publication Dates:

bi-monthly (February, April, June,
August, October, December)

Printing:

Buch- und Offsetdruckerei Wunsch,
8430 Neumarkt

Copyright by Verlag Weltarchiv GmbH

INTERNATIONAL ECONOMIC REVIEW

JUN 4 1982

U.S. INTERNATIONAL
COMMISSION
LIBRARYFebruary, 1982
Vol. 23, No. 1

CONTENTS

Strategic Search Theory	<i>Jennifer F. Reinganum</i>	1
The Equivalence of a Fisher Competitive Equilibrium and a Perfect Foresight Competitive Equilibrium in a Multi-Sectoral Model of Capital Accumulation	<i>Robert A. Becker</i>	19
Risk Aversion and Saving Behavior: Summary and Extension	<i>Eli Karni</i>	35
On Perfect Aggregation in the National Output Deflator and Generalized Rybczynski Theorems	<i>Franklin M. Fisher</i>	43
Dynamic Environmental Targets and Technological Progress	<i>Dennis J. Snower</i>	61
On Multiproduct Sales Maximization	<i>Roger Sherman</i>	79
Trade, Education and Growth: The Small-Country Case	<i>R. Manning</i>	83
Optimal Policies in a Two-Country Model under Flexible Exchange Rates	<i>Douglas H. Helms and Andrew J. Policano</i>	107
On the Optimal Stabilization of Internal Producers' Prices in International Trade	<i>Leslie Young and Murray C. Kemp</i>	123
Tariff Policy under Monopoly in General Equilibrium	<i>Arvind Panagariya</i>	143
A Note on International Trade with a Renewable Resource	<i>Makoto Tawada</i>	157
Note on "International Trade with an Exhaustible Resource: A Theorem of Rybczynski Type"	<i>Hiroshi Ono</i>	165
Education and Contraceptive Choice: A Conditional Demand Framework	<i>Mark R. Rosenzweig and Daniel A. Seiver</i>	171
Health and Wage: A Simultaneous Equation Model with Multiple Discrete Indicators	<i>Lang-Fei Lee</i>	199
Distributional Tests for Selectivity Bias and a More Robust Likelihood Estimator	<i>Randall J. Olsen</i>	223
A Note on the Nerlove Model of Agricultural Supply Response	<i>Michael Brunk</i>	241

INDEX

Volume 18, No. 3

April 1982

ISSN 0 304-4076

Editors:

DENNIS AIGNER
ARNOLD ZELLNER

Associate Editors:

PIETRO DALESTRA
Switzerland
MARCEL DAGENAIS
Canada
ERWIN DIEWERT
Canada
GORDON FISHER
Canada
A RONALD GALLANT
USA
STEPHEN GOLDFELD
USA
C.W.J. GRANGER
USA
ANDREW HARVEY
UK
JAMES HECKMAN
USA
NICHOLAS M. KIEFER
USA
TEUN KLOEK
The Netherlands
ALAIN MONFORT
France
DAVID A. PIERCE
USA
DALE J. POIRIER
Canada
TAKAMITSU SAWA
Japan
PETER SCHMIDT
USA
PETER SCHÖNFELD
West Germany
ROBERT SHILLER
USA
P.A.V.B. SWAMY
USA

CONTENTS

Soo-Bin Park, Some sampling properties of minimum expected loss (MELO) estimators of structural coefficients	295
Raymond S. Hartman, A note on the use of aggregate data in individual choice models: Discrete consumer choice among alternative fuels for residential appliances	313
Robert Kohn, When is an aggregate of a time series efficiently forecast by its past?	337
George Catsiapis and Chris Robinson, Sample selection bias with multiple selection rules: An application to student aid grants	351
F.J. Henk Don, Restrictions on variables	369
U.L. Gouranga Rao, A note on the unbiasedness of Swamy's estimator for the random coefficient regression model	395
Index	403

LAST ISSUE OF THIS VOLUME

NORTH-HOLLAND

JECMB6 18(3) 295-403
(1982)

THE JOURNAL OF

RECEIVED
JUN 05 1982

**U.S. INTERNATIONAL TRADE
COMMISSION
LIBRARY**

Volume XXX

MARCH 1982

No. 3

F. M. SCHERER

Demand-Pull and Technological Invention: Schmookler Revisited 225

MEIR KOHN and JOHN T. SCOTT

Scale Economics in Research and Development 239

JAMES L. SMITH

Risk Aversion and Bidding Behaviour for Offshore Petroleum Leases 251

R. M. GRANT

Pricing Behaviour in the UK Wholesale Market for Petrol 1970-80: 271

A 'Structure-Conduct' Analysis

CHRISTINA M. L. KELTON and W. DAVID KELTON

Advertising and Intraindustry Brand Shift in the US Brewing Industry 293

STEVEN R. COX, ALLAN C. DeSEKPA and WILLIAM C.

CANBY Jr.

Consumer Information and the Pricing of Legal Services 305

P. A. GEROSKI

Interpreting a Correction between Market Structure and Performance 319

HARSHARANJEET S. JAGPAL and IVAN E. BRICK

A Model of the Effect of Conglomeration and Risk-Aversion on Pricing: 327

A Comment

ISSN 0022-1821

BASIL BLACKWELL OXFORD ENGLAND

Price:

Annual subscription for institutions: £19.50 (UK), £24.00 (overseas), \$49.60 (USA)

\$59.50 (Canada)

Annual subscription for individuals: £12.50 (UK), £15.25 (overseas), \$33.00 (USA)

\$39.50 (Canada)



**JOURNAL OF
INTERNATIONAL BUSINESS STUDIES**

TABLE OF CONTENTS

ARTICLES AND NOTES

- 9 Government Intervention in Less Developed Countries: The Experience of Multinational Companies
 - Thomas A. Poynter
- 27 The Board of Directors in Foreign Subsidiaries
 - Laurent Lekse and Ulf Lindgren
- 39 Some Leadership Attitudes of West German Expatriate Managerial Personnel
 - Edwin L. Miller and R. Julian Cattaneo
- 51 An Examination of the Psychometric Properties of Some Commonly Researched Individual Differences, Job, and Organization Variables in Two Cultures
 - Uma Sekaren and Harry J. Martin
- 67 The Choice of Technology and Export Commitment: A Study of the Peruvian Textile Industry
 - John D. Daniels and Fernando Robles
- 89 Country-of-Origin Effects on Product Evaluations
 - Warren J. Bilkey and Erik Nes
- 101 A Box-Jenkins Model for Forecasting U.S. Exports
 - Charles Dale and Victor B. Bailey
- 109 Advertising and Consumerism in Europe: The Case of West Germany and Switzerland
 - Saeed Samiee and John K. Ryans, Jr.
- 115 Comment on "Transfer Prices and Profit Maximization in Multinational Enterprise Operations"
 - Thomas A. Pugel and Judith L. Ugelow
- 121 A Reply to the Comment on "Transfer Prices and Profit Maximization in Multinational Enterprise Operations"
 - D. J. Fowler

BOOK REVIEWS

- 127 *Failed Multinational Ventures—The Political Economy of International Divestments*, by Leon Grunberg
 - Andrew C. Gross

Journal of Political Economy

Volume 90

Number 3

June 1982

Articles

- 443 The Economic Impacts of Minimum Wage Laws: A New Look at an Old Question
Peter Linneman
- 470 Optimal Patents with Compulsory Licensing
Pankaj Tandon
- 487 Dumping
Wilfred J. Ethier
- 507 Estimated Output, Price, Interest Rate, and Exchange Rate Linkages among Countries
Roy C. Fair
- 536 Micro Estimates of Public Spending Demand Functions and Tests of the Tiebout and Median-Voter Hypotheses
Edward M. Gramlich and Daniel L. Rubinfeld
- 561 Inflation and Welfare in the Steady State
Boyan Jovanovic
- 578 Prices, Technology, and Farm Size
Yoav Kislev and Willis Peterson
- 596 Bayesian Information and the Precautionary Demand for Money
Bryan E. Stanhouse

Confirmations and Contradictions

- 606 Social Security and Private Saving: New Time-Series Evidence
Dean R. Leimer and Selig D. Lesnoy
- 630 Social Security and Private Saving: Reply
Martin S. Feldstein
- 643 Social Security, Preretirement Labor Supply, and Saving: A Confirmation and a Critique
Richard V. Burkhauser and John A. Turner

Journal of World Trade Law

Volume 16 number 3

May : June 1982

Contents

Editorial *page 187*

The Nigerian Insurance Industry: A Proposal for Reform

—*J. I. Falegan page 189*

This article describes the difficulties experienced in the insurance industry in Nigeria after independence. The author gives some proposals for effective reform which may be of practical relevance to other countries.

Transfer of Technology under Petroleum Development Contracts

—*Hasan S. Zakariya page 207*

The author gives some concrete examples of transfer of technology in this sector, and makes some suggestions for the future.

Canadian Industrial Strategy: A US Impediment

—*Fred Lazar page 223*

This article describes the need for an industrial strategy in Canada and the obstacles to it that are coming from the United States.

Trade Preferences and Foreign Investment in Malta

—*Richard Pomfret page 236*

The author describes the effect of the EEC preferential agreements with Mediterranean countries and examines in detail the effect of trade preferences and investment in Malta, particularly on the clothing industry.

CONTENTS**GATT Article XVI.3: Export Subsidies
and "Equitable Shares"****—Colin Phegan page 251**

The author examines the meaning of Article XVI.3 dealing with export subsidies, in the light of its history and application, particularly in the recent sugar dispute involving the EEC.

Shorter Articles and Notes**THE IMF's Food Financing Facility****—C. Green and C. Kirkpatrick page 265**

A critical account is given of the decision by the IMF to extend compensatory financing to countries in difficulty with food imports.

Geneva Meetings on Meat**—Ursula Wasserman page 273**

Two meetings were recently held on the subject of meat—the GATT International Meat Council and the UNCTAD Third Preparatory Meeting on Meat.

ECE: The Consulting Engineer in International**Transactions—A. F. Ewing page 276**

The Economic Commission for Europe is completing a Guide for drawing up international contracts on consulting engineering.

Erratum

It is greatly regretted that the name of Mr. Liaquat Ali was mis-spelt in connection with his article on "The World Wheat Market and International Agreements" which appeared in Vol. 16, No. 1.

Contents

OECD COUNCIL MEETING AT MINISTERIAL LEVEL Communique	3
THE UNITED STATES AND EUROPE: Coping with Change by Sylvia Ostry and Val Koromzay	9
COUNTRY PROBLEMS AND STRATEGIES:	14
BELGIUM: Facing Structural Imbalances	14
NORWAY: A Prosperity Too Dependent on Oil	15
SPAIN: Progress Towards Adjustment	17
SWITZERLAND: Social Stability and Economic Discipline	18
BUDGETARY DEFICITS AND MONETARY POLICY: A British Economist's View by Alan Budd, London Business School	20
WHAT PROSPECTS FOR NUCLEAR ENERGY?	24
NATURAL GAS: A New Energy Dependence?	28
ENERGY: Reactions in Agriculture	34
AGRICULTURAL TRADE	40
THE OUTLOOK FOR WESTERN SHIPPING: Changes in Political Structure by Roy Humphrey	47
AID AND THE PROTECTION OF THE ENVIRONMENT	50
NEW OECD PUBLICATIONS	54

No. 116 May 1982

PUBLISHED bi-monthly in English and French by THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

EDITORIAL OFFICES

OECD Information Service, Château de la Muette, 2, rue André-Pascal, F 75775 PARIS, CEDEX 16.

Individual articles not copyrighted may be reprinted providing the credit line reads "Reprinted from the OECD Observer" plus date of issue, and two voucher copies are sent to the Editor. Signed articles reprinted must bear author's name.

The Organisation cannot be responsible for returning unsolicited manuscripts.

Signed articles express the opinions of the authors and do not necessarily represent the opinion of OECD

Annual Subscription Rates:

£4.80 US\$11.80 F48.00

Single copies: £0.90 US\$2.00 F9.00

The OECD OBSERVER is produced in microform (microfilm and/or microfiche) by: (1) University Microfilms (Nerax), Ann Arbor, Michigan 48106, USA; (2) NCR Microcard Edition, Indiana Head, Inc., 111 West 4th Street, New York, USA; (3) Bell and Howell Co., Old Mansfield Road, Wooster, Ohio 44691, USA.

EDITOR: Jane Bussière

ASSOCIATE EDITOR:

Ulla Rønne-Jeanneney

ART, PRODUCTION AND LAYOUT:

Marc Delemme

ASSISTANT:

Gérald Tingaud

PHOTO RESEARCH:

Silvia Lépot

Rina Maiden

All correspondence should be addressed to the Editor.

PHOTOS: pages 4-7: Leo Jouan - OCDE; page 10 (top): American Microsystems, Inc. (Chairman of Commerce, Santa Clara, California); (bottom): Hubert, pages 12-13 (top) CBI, London; (bottom): J.P. Laffont - Sygma; page 14: Belgian Information and Documentation Institute; page 16: Statist, Norway; page 17: Wilhelms, Brauns; page 19: ILO; page 22 (left) AP; (right) AFP; page 26: Michael Jensen - Australia Information Service; page 27: Studsvik Energy Teknik AB, Sweden; page 29: Norsk Teleavisbilde AS; page 31: ANP; page 32: Philippe Led - Sygma; page 33: P.L. Photo Library; pages 33-39: CBI, London; page 46 (top): J.P. Laffont - Sygma; (bottom left): L.L. Photo Library; (bottom right): Broderick - Danish Ministry Foreign Affairs; page 49: (top) International; (bottom): T. Goulet - Sygma; page 51 (left): J.L. Develier - Bank; (right): Philippe Led - Sygma; page 52 (left): J. Alcover - France; (right):

ORBIS

A Journal of World Affairs

VOLUME 26

NUMBER 1

SPRING 1982

Forum: U.S. Policy Toward the Middle East

A Realistic Middle East Policy	Landrum R. Bolling	5
U.S.-Israeli Relations: The Wolf This Time?	Adam M. Garfinkle	11
The U.S. Decline in the Middle East	Michael C. Hudson	19
Reagan's Middle East Policy	Amos Perlmutter	26
Increasing Security in the Persian Gulf	Daniel Pipes	30

Foreign Policy of Socialist France	Lord Saint Brides	35
Nuclear War in Suburbia	Gary L. Guertner	49
On Conventional Deterrence in Europe: Questions of Soviet Confidence	Joshua M. Epstein	71

Contrasting Perspectives: THEATER - NUCLEAR FORCES AND THE EUROPEAN PEACE MOVEMENT

Limited War, Unlimited Protest	Lawrence Freedman	89
NATO and the TNF Controversy: Threats to the Alliance	Morton H. Halperin	105
Bonn and Washington: From Deterioration to Crisis?	William E. Griffith	117

Afghanistan: Embraced by the Bear	Alvin Z. Rubinstein	135
The Saudi-Pakistani Military Relationship: Implications for U.S. Policy	Shirin Tahir-Kheli and William O. Staudenmaier	155
Interdependence and East-West Relations	Jock Finlayson and Paul Marantz	173
Globalism Versus Regionalism: U.S. Policy and the OAS	Francis X. Gannon	195
The Reagan Administration's World View	Charles W. Kegley, Jr., and Eugene R. Wittkopf	223

Research in Review

International Relations Research in India	K. P. Misra	245
Military Intervention in the Third World: Conference Report	Richard N. Smith	251

Review Essays

Brazil's International Relations in Perspective	Riordan Roett	257
Brief Reviews	John H. Maurer	269
Selected Publications Received		273

ISSN 0030-7653

RECEIVED

JUN 7 1982

U.S. INTERNATIONAL TRADE
COMMISSION
LIBRARY

(NEW SERIES)

VOLUME 34 MARCH 1982 NUMBER 1

*Editorial Board**General Editors:* N. H. DIMSDALE, C. L. GILBERTR. W. BACON, D. K. H. BEGG, C. J. BLISS, W. A. ELTIS, K. B. GRIFFIN,
D. A. HAY, A. J. OSWALD, M. FG. SCOTT, A. K. SEN, P. J. N. SINCLAIR,
J. F. WRIGHT

CONTENTS

Desirable Fiscal Policies Under Keynesian Unemployment, By KEVIN ROBERTS	1
Rational Expectations, Wage Rigidity and Involuntary Unemployment: A Particular Theory, By DAVID K. H. BEGG	23
The Treasury in the 1930s: Political and Administrative Constraints to Acceptance of the 'New' Economics, By ROGER MIDDLETON	48
The Effects of Demand Disturbances Under Alternative Exchange-Rate Regimes, By HERSCHEL I. GROSSMAN, JAMES A. HANSON and ROBERT F. LUCAS	78
Relationship between Unemployment and Vacancies in the United Kingdom: A MIMIC Approach, By A. PARIKH and F. ALLEN	98
On the Intergenerational Savings Function, By NIGEL TOMES	108
Inflation Accounting and the Measurement of Firm Performance, By IVY PAPPS	135
The Ricardian and Heckscher-Ohlin Explanations of Trade: A General Proof of an Equivalence Theorem and its Empirical Implications, By J. L. FORD	141
Customs Union Theory in the Presence of Foreign Firms, By ERNESTO TIRONI	150
The Pattern of Income Inequality in Rural China, By KETHI GRIFFIN and ASHWANI SATHI	172
The Role of the Non-Market Sector in Egypt's Economic Growth 1960-76, By NORMAN GEMMELL	207
The Economics of David Ricardo: A Response to Professor O'Brien, By SAMUEL HOLLANDER	224
Ricardian Economics: A Rejoinder, By D. P. O'BRIEN	247

OXFORD
AT THE CLARENDON PRESS

1982

COMPLETED

19

17C 1.9/2:482/9
ORIGINAL



*OUR
LIBRARY
PRESENTS...*

The Library

U.S. International Trade Commission

Washington, D.C. 20436

BEST DOCUMENT AVAILABLE

LIBRARY DIVISION DIRECTORY

CHIEF, LIBRARY DIVISION...Dorothy J. Berkowitz 523-0016
Secretary...Shree Moody 523-0021

TECHNICAL SERVICES UNIT:

Head...Barbara J. Pruett 523-1764
Catalogers...Barbara J. Pruett 523-1764
 Maureen Leshendok 523-0018
 Peggy Cox 523-0017
 Bertina Wilson 523-0019

Acquisitions...Joan Schrock 523-1791
Periodicals & Interlibrary
Loan...Delores Edwards 523-0020
Processing...Frances Cooper 523-1815
 Kevin Dowdy 523-0025

INFORMATION SERVICES UNIT:

Head, Reference...Hennie Schneider 523-0013
Micrographics...Virginia Moss 523-1805

Editor...Barbara J. Pruett 523-1764

BEST DOCUMENT AVAILABLE

October 1982

NEW ACQUISITIONS FROM CATALOGING:

Barbara Pruett
Maureen Leshendok
Bertina Wilson
Peggy Cox



HAPPY HALLOWEEN!

BEST DOCUMENT AVAILABLE

HC131.I61 International Bank for Reconstruction and Development.	Mexico manufacturing sector : situation, prospects and policies. 1979
HF1479.U7 1981 United States. Congress. Senate. Committee on Governmental Affairs.	United States-Canadian trade policies : impact on border state industries : hearing before the Subcommittee on Oversight of Government Management of the Committee on Governmental Affairs, United States Senate, Ninety-seventh Congress, first session, November 17, 1981. 1982
HF1756.A5 1982aae United States International Trade Commission.	Stainless steel sheet and strip from France : determination of the Commission in investigation no. 731-TA-95 (preliminary) under section 733(a) of the Tariff act of 1930, together with the information obtained in the investigation. 1982
HF1756.A5 1982aag United States International Trade Commission.	Certain amplifier assemblies and parts thereof from Japan : determination of the Commission in investigation no. 731-TA-48 (final) under section 735(b) of the Tariff act of 1930, together with the information obtained in the investigation. 1982
HF1756.A5 1982aah United States International Trade Commission.	In the matter of certain coin-operated audiovisual games and components thereof (Viz, Rally-x and Pac Man) : investigation no. 337-TA-105. 1982
HF1756.A5 1982aaaj United States International Trade Commission.	Certain commuter airplanes from France and Italy : determination of the Commission in investigations nos. 701-TA-174 and 175 (preliminary) under section 703(a) of the Tariff act of 1930, together with the information obtained in the investigations. 1982
HF3080.B12 1981 Baer, Werner.	Export diversification and the new protectionism : the experiences of Latin America. 1981
HF3621.T7 Trembl, Vladimir G.	The domestic value of Soviet foreign trade : exports and imports in the 1972 input- output table. 1982
HG3897.D3 Davis, Steven I.	The Euro-bank, its origins, management, and outlook. 1976
HG4538.D7 Driscoll, David D.	Incentives to foreign direct investment in the United States. 1981
HG4538.Z3 Zaritsky, Howard.	Foreign ownership of property in the United States : Federal and state restrictions. 1980
QD79.R85 Ruzicka, Jaromir.	Flow injection analysis. 1981

- SB189.U45A44 1982
United States. Congress.
Senate. Committee on
Agriculture, Nutrition,
and Forestry. Economic impact of agricultural embargoes :
hearings before the Subcommittee on Foreign
Agricultural Policy of the Committee on
Agriculture, Nutrition, and Forestry,
United States Senate, Ninety-seventh
Congress, second session, on the evaluation
of the economic impact of previous
agricultural embargoes on both the United
States and the embargoed countries,
February 3 and 5, 1982. 1982
- SB189.U5
United States. Crop
Reporting Board. Stocks of grains, oilseeds, and hay : final
estimates by states, 1949-55. 1949
- SB191.W5U576 1981
United States. Congress.
Delegation to the Ad Hoc
Meeting of the Canada-
United States
Interparliamentary Group, 1981, Washington, D.C. Ad hoc meeting of the Canada-United States
Interparliamentary Group to discuss
international wheat marketing, October 24,
1981 : report. 1982
- SB191.W5U661 1981
United States. Congress.
Senate. Committee on
Foreign Relations. International Wheat Agreement : hearing
before the Committee on Foreign Relations,
United States Senate, Ninety-seventh
Congress, first session, on Treaty Document
97-9--two protocols for the extension of
the International Wheat Agreement, November
24, 1981. 1981
- SF481.U7 1982
United States. Congress.
Senate. Committee on
Agriculture, Nutrition,
and Forestry. Impact of regulations on production,
processing, and export of poultry : hearing
before the Subcommittee on Agricultural
Production, Marketing, and Stabilization of
Prices of the Committee on Agriculture,
Nutrition, and Forestry, United States
Senate, Ninety-seventh Congress, second
session, February 16, 1982, Meridian, Miss.
1982
- T20.B8
Bricker, Rodney P.G. U.S. technology transfer to the Soviet
Union : a dilemma. 1981
- T20.S7
Soviet acquisition of Western technology.
1982
- TL23.U671 1981
United States. Congress.
Senate. Committee on
Finance. Issues relating to the domestic auto
industry III : hearing before the
Subcommittee on International Trade of the
Committee on Finance, United States Senate,
Ninety-seventh Congress, first session,
December 1, 1981. 1982
- TN23.U65
United States. Bureau of
Mines. Minerals data source directory. 1982
- TP9.H3
Hampel, Clifford A. Glossary of chemical terms. 1982
- TP1175.M64
Modern coating technology : radiation
curing, electrostatic, plasma, and laser
methods. 1982
- TS303.M12
MacPhee, Craig Robert. Restrictions on international trade in
steel. 1974

TS2301.L81684

International Trade Centre. Handbags, travel goods and small leather
goods in the United Kingdom. 1981

Z732.T75

Trezza, Alphonse F.

Toward a Federal library and information
services network : a proposal. 1982

HA2275.A32 Ghana. Central Bureau of Statistics.	Quarterly digest of statistics. 1981-
HC240.J6 April 1982 C European Communities. Commission.	Preferential tariff treatment applied by the Community (position as at 1 January 1982). 1982
HF215.A321 Norway. Statistisk Sentralbyra.	Commodity list for external trade statistics. 1977-
HF1239.S9	Symposium: a practitioner's guide to international trade law. 1981
HF1756.M731 Eckes, Alfred E.	The global struggle for minerals; a historian's perspective. 1981
HF3031.W5 Wisconsin. University. Center for Research on U.S. Trade Competitiveness.	U.S. policies in response to growing international trade competitiveness: final phase I report. 1982
HJ6622.G8 Grossman, Gene M.	Offshore assembly provisions and the structure of protection. 1982
TL23.W3 Weinberg, Jed.	Imposing import restrictions under escape clause provisions: a case study of the automobile industry. 1982
TL105.S75 Sousa, Barbara Anne.	Regulating Japanese automobile imports: some implications of the voluntary quota system. 1982
TL230.U6 U.S. General Accounting Office.	Customs' classification of imported vehicles--a controversial issue. 1978
TN805.U82 United States. Energy Information Administra- tion.	Coal production. 1980-

TP690.A78

**Argonne National
Laboratory.**

**Energy/material flows associated with
cyclic petrochemicals. 1979**

TS1323.P29

Pelzman, Joseph.

**The competitiveness of the U.S. textile
industry. 1980**

Z552.U7

**United States. Library
of Congress. Congress-
sional Research Service.**

**Economic concerns relating to the
elimination of the manufacturing
clause of the U.S. copyright law:
an economic analysis. 1981**

CURRENT CONTENTS FROM THE PERIODICALS DESK

Delores Edwards

The following tables of contents from selected journals are included for informational purposes. These issues are kept on reserve in the Library and may be consulted there. Copies will circulate on request when the next issue is received.

Challenge

CONTENTS

MAGAZINE OF ECONOMIC AFFAIRS

EDITORIAL ADVISORY BOARD

Kenneth J. Arrow
Carolyn Shaw Bell
Barbara R. Bergmann
Kenneth E. Boulding
Andrew F. Brimmer
Robert L. Heilbroner
Walter W. Heller
Albert O. Hirschman
Robert Lekachman
Wassily Leontief
George W. McKinney, Jr.
Robert V. Roosa
Paul A. Samuelson
Robert M. Solow

EDITORIAL STAFF

Editor and Publisher:
MYRON E. SHARPE

Executive Editor:
RICHARD D. BARTEL

Associate Editor:
JACQUELINE STEINER SHARPE

Production Manager:
THERESA HUGHES

Advertising Manager:
HELEN M. ALBERT

The drawings throughout
this issue are by Philippe
Weisbecker.

SEPTEMBER/OCTOBER 1982

ARTICLES

- 4** Olof Palme, et al. *Military Spending: The Economic and Social Consequences*
- 22** INTERVIEW Willy Brandt *The North-South Dialogue: The Issue Is Survival*
- 31** INTERVIEW Bruno Kreisky *Practical Politics and Global Vision*
- 36** Henry C. Wallich *"The Limits to Growth" Revisited*
- 43** Richard D. Coe *Welfare Dependency: Fact or Myth?*

DEPARTMENTS

- 2** *In This Issue* Richard D. Bartel
- 50** Comment
- ABROAD: Alfred Benedetti *Business and Investment Under Mitterrand* VIEWPOINT: Basil J. Moore *In Praise of Markets: Wage Imitation and Price Stability* FOREIGN AFFAIRS: D.A.L. Auld *The Impasse in Canada-U.S. Relations* WASHINGTON: Harry G. Broadman, Douglas R. Bohi and W. David Montgomery *Is the Oil Import Fee Sound Energy Policy?*
- 62** REVIEW
- Perry Mehrling *Testing Monetarism* by Meghnad Desai
- 65** For Further Reading

Vol. 25 No. 4

Challenge (ISSN 0577-8121) is published bimonthly (March/April, May/June, July/August, September/October, November/December, January/February) by M. E. Sharpe, Inc. Subscription rates for U.S. and Canada: Institutions: \$60.00 a year; \$50.00 for 2 years; \$75.00 for 3 years; \$5.00 for individual copies. Individuals: \$25.00 a year; \$42.00 for 2 years; \$60.00 for 3 years; \$4.25 for individual copies. Foreign rates: add \$2.00 per year.

All correspondence should be addressed to *Challenge*, 50 Business Park Drive, Armonk, N.Y. 10504. Telephone: (914) 261-6000. M. E. Sharpe, Inc. All rights reserved.

Second-class postage paid at Armonk, N.Y., and at additional mailing offices. Postmaster: send address changes to *Challenge*, 50 Business Park Drive, Armonk, N.Y. 10504.

The policy of *Challenge* is freedom for diversity. Every author speaks for himself, none for the Editorial Advisory Board. Editorials express the opinion of the editor only.

The Economist



Peace and war

Reagan's Middle East high noon, page 11. The Arabs don't challenge him, Israel does, page 32. Egypt sort of helps him, page 33.

Vote on Reaganomics

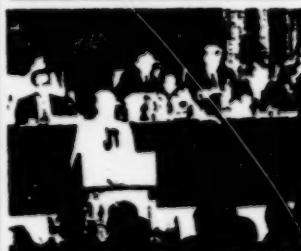
President at mid-term, page 12. The tasks before congress, page 21

Going, going . . . ?

Schmidt's government, page 39. Perhaps Denmark's first Conservative prime minister, page 41. Holland's centre Democrats-66 party, page 42. Dutch economy, page 62. The French franc, page 63.

What recession?

Ask Wall Street and London, page 77.



Bankers off balance

The dangers after Mexico, page 13. Political power of Latin America's debtors, page 34. Troubled at Toronto, page 61. Mexican banks, page 79.

Godfather's godson

Deadly challenge in Palermo, page 14.



TUC seeks martyrdom

But not very hard, pages 51-53.

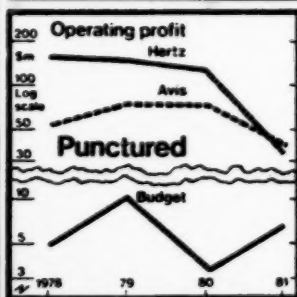


Deng's revolution

Not very cultural, page 14.

Goodbye Marcos

Hello Imelda?, page 35



Hard driving

Car hire loses ground, pages 71-72. America's auto slump, page 64.

Room at the inn

Challenging America's hotels, page 67. Caribbean loses visitors, page 67. Indian and Japanese innkeepers, page 69.

Five-day cricket

Will make money if you play Pakistan, page 55. American footballers want their share, page 26.

SEPTEMBER 11, 1982

Volume 284 Number 7254

World politics and current affairs

- 11 Am I my brother's keeper?
- 12 Referendum on Reagan
- 13 Debtors' prism in Latin America
- 14 Deng's imprint
- 14 Death in Palermo
- 17 Has Thatcher lost her Irish dimension?
- 18 Be a beetle in British science
- 21 **American Survey:** In congress, the day's work is never done; *Unfinished business; Washington, DC; George Wallace; Cuba; The press; Medicine exports; Jesse Jackson; Football*
- 31 **International:** Botha blows cold on Windhoek; *Israel; Arab summit; Egypt; Gulf war; Latin America; Panama; Canada; India; Philippines; Nepal; China and Japan*
- 39 **Europe:** Schmidt's final days?; *Poland; Soviet Union; Denmark; Bullfighting; Holland. European Community:* Now for something completely different (that EEC budget again). . . ; *Euro-quangos; Tobacco taxes; Transport*
- 51 **Britain:** Trade unions: War talk, but no stomach for a fight; *TUC reports; The cabinet; Housing; Cable television; Cricket; Legal aid; Whooping cough; Barometer*

Business, finance and science

- 59 **This week**
- 61 **World Business:** Requiem for the world's bankers postponed; *Holland's economy; France's economy; Civil aircraft; American cars; Carnation; William Paley; Specialty chemicals; Opec; International hotels; Caribbean tourism; Japanese hotels; Indian hotel chains; Japanese cigarettes*
- 71 **Business Brief:** Rocky roads for car-hire firms
- 77 **Finance:** The last time we did this George V was still king; *Gold; Gold coins; Mexican banks; Hongkong property; Dome Petroleum*
- 81 **Science and Technology:** Japan rockets into space with too little, too late; *Drugs; Detecting locusts; Cosmic creation; Electronic libraries*

Books and letters

- 85 **Books:** Noel Coward; *Hollywood scandal; France; Keynes; Lord Ripon; Consumer society*
- 4 **Letters**

© The Economist Newspaper Ltd, London, 1982. Printed in the USA

The Economist Subscription Service Department P.O. Box 2700 Woburn, Massachusetts 01868	Toll-free 1-800-343-1700 (in Massachusetts, call 1-800-842-1542)
	Subscription rates (in U.S. \$) are limited to service in U.S., Canada and Mexico. For rest of the world subscription information please contact: The Economist Subscription Department 25 St James's Street London, SW1A 1HG ☐ 1 year (\$2 issues) \$85.00 ☐ 100 weeks \$150.00 ☐ Quarterly Index \$24.00 ☐ Student rate \$52.00 ☐ Payment enclosed ☐ Bill me.
Name _____ Organization _____ Address _____ City _____ State _____ Zip _____ If applying for student rate: University Name _____ Year Studies End _____	SCOUT

The Economist



Carry on, Britain

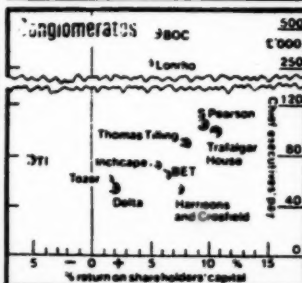
Don't over-react to the day of inaction, page 11, but do look at what has actually happened to nurses' pay, page 58.

Thatcher's holocaust

For the welfare state. An exclusive report, page 57.

Steel the hero

In new book on the SDP alliance, page 107, but rumbles of divorce, page 58.



Bosses' pay

Not by results, page 75.



Cable unconfined

Let cable television prosper in Britain, page 17, even as harassed CBS, page 31, finds it doesn't in America, page 81. America's telebanking appears, page 94.



Who's behind Schmidt?

As Genscher wobbles, time for Kohl to run West Germany, page 13. Lambsdorf's economic recipe, page 46. Green and leisured land, page 51.



Gemayel's murder

Israel's victory hangover, page 12. So many could have dunnit, page 35. Israel bogs down in Beirut, same page. The Fez proposals and POWs that aren't, page 36.

Banks' woes

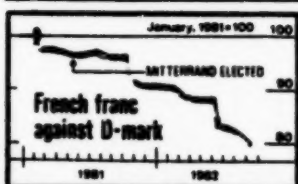
Are worldwide, page 91.

Election battle

More or fewer allies for Reagan in the next congress?, page 23.

No, Mr President

European bravado on the pipeline, page 45.



France's franc

Must decline, page 14, with some others in the EMS, page 84.

SEPTEMBER 18, 1982

Volume 284 Number 7255

World politics and current affairs

- 11 Carry on, Britain
- 12 Middle East: Tales of the unexpected
- 13 West Germany: A change of Helmut?
- 14 French franc: Rien ne va plus
- 17 British television: Let cable be unconfined
- 18 The asbestos lawsuits
- 23 **American Survey:** The lines of electoral battle sharpen; Arms control; Railways; Farming; Lutherans; Television; Opera; McDonald's
- 35 **International:** The Lebanese with too many enemies; Israel; Begin's wars; Palestinian prisoners; Fez summit; Iran; Iran and Saudi Arabia; China; Red flag over Hong-kong?; Kashmir; Argentina; Female circumcision
- 45 **Europe:** No compromise in the pipeline; Nuclear missiles; West Germany; German work ethic; Spain; Princess Grace; Italy **European Community:** No harvest festival in Brussels; France and Spain; The culture war
- 57 **Britain:** Thatcher's think-tank takes aim at the welfare state; Liberal assembly; Health service dispute; Falklands; Junes; Nuclear weapons; GLC; British Leyland; ICL; Barometer; Petrol prices; Northern Ireland

Business, finance and science

- 71 **This week**
- 75 **World Business:** The British boss's pay is one thing, performance entirely another; Marcus Wallenberg; Shipping; Federal Express; IBM; CBS and cable television; Biogen; Foreign companies in America; Foreign investment in Canada; European currencies; Commodities
- 91 **Finance:** Not with a bang but a Fonda; Argentine sanctions; Securities dealers; Mexico Fund; Citibank; John Spalding; Electronic banking; British corporate bonds
- 98 **Business Brief:** Turner and Newall's future is shrouded in asbestos dust
- 101 **Science and Technology:** Smoke, even without fire, can be the biggest killer; Display technology; Dieting; Europe's launcher; Genetic engineering

Books and letters

- 107 **Books:** The SDP; Boris Pasternak and Olga Freidenberg; American archaeology; France; Global security; Soviet communism; Agatha Christie
- 4 **Letters**

© The Economist Newspaper Ltd, London, 1982. Printed in the USA

The Economist Subscription Service Department P.O. Box 2700 Woburn, Massachusetts 01888		Toll-free 1-800-343-1700 (in Massachusetts, call 1-800-842-1542)	
Name _____ Organization _____ Address _____ City _____ State _____ Zip _____		Subscription rates (in U.S. \$) are limited to service in U.S., Canada and Mexico. For rest of the world, subscription information, please contact: The Economist Subscription Department 25 St. James's Street London SW1A 1HG	
If applying for student rate University Name _____ Year Studies End _____		☐ 1 year (52 issues) \$65.00 ☐ 100 weeks \$150.00 ☐ Quarterly Index \$24.00 ☐ Student rate \$52.00 ☐ Payment enclosed ☐ Bill me	

FOREIGN AFFAIRS



FALL 1982

The Care and Repair of Public Myth	<i>William H. McNeill</i>	1
Science and the Villager: The Last Sleeper Wakes	<i>Richard Critchfield</i>	14
Toward an Overall Western Strategy for Peace, Freedom and Progress	<i>Hans-Dietrich Genscher</i>	42
THE MIDDLE EAST: A TURNING POINT?		
Begin's Rhetoric and Sharon's Tactics	<i>Amos Perlmutter</i>	67
Lebanon: A New Republic?	<i>Ghassan Tuéni</i>	84
An Israeli-Palestinian Peace	<i>Harold H. Saunders</i>	100
Preparing for the Unexpected: The Need for a New Military Strategy	<i>Admiral Stansfield Turner and Captain George Thibault</i>	122
Inflexible Response	<i>François de Rose</i>	136
Facing Up to Africa's Food Crisis	<i>Carl K. Eicher</i>	151
RECONSIDERATIONS		
A Decade of Sino-American Relations	<i>Michel Oksenberg</i>	175
The War of the Falkland Islands, 1982	<i>Lawrence Freedman</i>	196
Comment and Correspondence	<i>Michael Howard, S. Fred Singer, Stephen C. Barnard</i>	211
Recent Books on International Relations		219
Source Material	<i>Janet Rigney</i>	241

WILLIAM P. BUNDY
Editor

JENNIFER SEYMOUR WHITAKER
Associate Editor

JAMES CHACE
Managing Editor
MARK A. UHLIG
Assistant Editor

LUCY EDWARDS DESPARD
Book Editor

SHEILA G. BRILL
Assistant to the Editor

KAY KING
Editorial Assistant

MAE BENNETT
Assistant to the Managing Editor

GRACE DARLING GRIFFIN
Director, Promotion/Book Advertising

DORIS ELIZABETH FOREST
Publisher
MARGARET K. KABLE
Circulation Coordinator
CATHERINE GANTNER
Assistant to the Publisher
Editorial Advisory Board

ROBERT F. SENNOFF, JR.
Advertising Director

GEORGE FISHER
Assistant to Promotion Director

SUSAN KANDER
Staff Assistant

A. DOAK BARNETT
JAMES H. BILLINGTON
HARVEY BROOKS

PHILIP C. HABIB
CARL KAYSEN
JOHN J. MCCLOY

HARRY C. MCPHERSON, JR.
WILLIAM M. ROTH
FRITZ STERN

ECONOMETRICA¹¹

JOURNAL OF THE ECONOMETRIC SOCIETY

*An International Society for the Advancement of Economic
Theory in its Relation to Statistics and Mathematics*

CONTENTS

PAUL R. MILGROM AND ROBERT J. WEBER: A Theory of Auctions and Competitive Bidding	1089
ALVIN E. ROTH AND J. KEITH MURNIGHAN: The Role of Information in Bargaining: An Experimental Study	1123
GLENN M. MACDONALD: Information in Production	1143
JEAN TIROLE: On the Possibility of Speculation Under Rational Expectations	1163
THEODORE C. BERGSTROM, DANIEL L. RUBINFELD, AND PERRY SHAPIRO: Micro-Based Estimates of Demand Functions for Local School Expenditures	1183
JORGE MARTINEZ-VAZQUEZ: Fiscal Incidence at the Local Level	1207
MAURICE OBSTFELD: Relative Prices, Employment, and the Exchange Rate in an Economy with Foresight	1219
WILFRED J. ETHIER: Decreasing Costs in International Trade and Frank Graham's Argument for Protection	1243
LARS PETER HANSEN AND KENNETH J. SINGLETON: Generalized Instrumental Variables Estimation of Nonlinear Rational Expectations Models	1269
M. H. PESARAN: Comparison of Local Power of Alternative Tests of Non-Nested Regression Models	1287
P. C. B. PHILLIPS: On the Consistency of Nonlinear FIML	1307
NOTES AND COMMENTS:	
TAKESHI AMEMIYA: Correction to a Lemma	1325
DAVID LIPTON, JAMES POTERBA, JEFFREY SACHS, AND LAWRENCE SUMMERS: Multiple Shooting in Rational Expectations Models	1329
EITAN MULLER: Stability of Aggregation Procedures, Ultrafilters, and Simple Games—A Comment	1335
ANTHONY F. SHORROCKS: On the Distance Between Income Distributions	1337
ANNOUNCEMENTS	1341

The ECONOMIC JOURNAL

THE QUARTERLY JOURNAL OF THE
ROYAL ECONOMIC SOCIETY

ARTICLES

- A Critique of the Proposed Tests of the Natural Rate-Rational Expectations Hypothesis M. H. PESARAN 529
- The Determinants of Equilibrium Unemployment in Britain S. NICKELL 555
- The Microeconomic Theory of the Trade Union A. J. OSWALD 576
- The Economic Role of Commodity Storage B. D. WRIGHT and J. C. WILLIAMS 596
- Error Correction Mechanisms M. SALMON 615
- Time Paths in the Diffusion of Product Innovations M. GORT and S. KLEPPER 630
- From School to University: The Demand for Post-Compulsory Education in Britain C. A. PISSARIDES 654
- The Monopolistic Advantages of Multinationals: Lessons from Foreign Investment in the U.S. S. LALL and N. S. SIDDHARTHAN 668
- Economies of Scale, Imperfect Competition, and the Pattern of Trade S. P. DAS 684

NOTES AND MEMORANDA

- Criteria for Efficient Capital Allocation M. T. SUMNER 694
- Macroeconomics with Non-Perfect Competition: A Comment B. HILLIER, P. LAMBERT and R. TURNER 701
- Macroeconomics with Non-Perfect Competition: A Reply Y.-K. NG 706

REVIEWS (for a list of books reviewed see outside back cover) 708

NOTES ON NEW BOOKS and Books received 750

CURRENT TOPICS 784

Journal of Political Economy

Volume 90

Number 4

August 1982

Articles

- 663 Efficiency of Experimental Security Markets with Insider Information: An Application of Rational-Expectations Models
Charles R. Plott and Shyam Sunder
- 699 Heterogeneous Information and the Theory of the Business Cycle
Sanford J. Grossman and Laurence Weiss
- 728 Dynamics of a Floating Exchange Rate Regime
Elhanan Helpman and Assaf Razin
- 755 Cost-Benefit Criteria and the Compensation Principle in Evaluating Small Projects
Neil Bruce and Richard G. Harris
- 777 Sectoral Shifts and Cyclical Unemployment
David M. Lilien
- 794 The Welfare Cost of Free Public Schools
Jon Sonstelie
- 809 Giffen Goods and the Law of Demand
William R. Dougan
- 816 Politics, Time, and the Laffer Curve
James M. Buchanan and Dwight R. Lee

Comments

- 820 The Leontief Paradox, Continued
Richard A. Brecher and Ehsan U. Choudhri
- 824 The Political Economy of Benefits and Costs: A Neoclassical Approach to Distributive Politics—Comment
Gordon Tullock

Confirmations and Contradictions

- 827 The Reward for Risk in the Labor Market: Evidence from the United Kingdom and a Reconciliation with Other Studies
Alan Marin and George Psacharopoulos

BEST DOCUMENT AVAILABLE
LAW AND POLICY
IN
INTERNATIONAL BUSINESS

14

VOLUME 14

1982

NUMBER 1

CONTENTS

ARTICLES

LEGISLATIVE DEVELOPMENTS: PROPOSED EXPORT PROMOTION LEGISLATION

THE FOREIGN TRADE ANTITRUST IMPROVEMENTS ACT 1

George E. Garvey

THE EXPORT TRADING COMPANY ACT OF 1981 47

William Reinsch

TRADE RELATED PERFORMANCE REQUIREMENTS UNDER THE GATT-MTN

SYSTEM AND U.S. LAW 129

Claude G.B. Fontheim

R. Michael Gadbaw

NOTE

THE 1981 OPIC AMENDMENTS AND REAGAN'S "NEWER DIRECTIONS" IN

THIRD WORLD POLICY 181

CASE COMMENT

***IAM v. OPEC*: COMMERCIAL ACTIVITY—ONE FACTOR IN A BALANCING**

APPROACH TO THE ACT OF STATE DOCTRINE 215

RECENT DECISION

TEXAS INTERNATIONAL'S ACQUISITION OF CONTINENTAL AIRLINES: A CASE

**STUDY OF AN AIRLINE ACQUISITION IN THE AGE OF C.A.B. DEREGU-
LATION 245**

The Economist



Kohlpolitik

Change of era, page 11. Kohl manoeuvres, page 31. New conservative faces, page 32. Bourse boost, page 92.



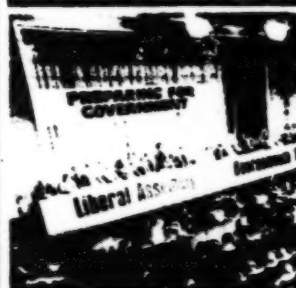
Carnage in Beirut

Peace hopes lie dying, page 12. Sabra and Chatila, page 47. Israel unrepentant, page 53. The tasks facing Lebanon's new president, same page. The marines go back, page 54. America's Jews, page 21.



End of era

Farewell, welfare states?, page 15. America's poor are poorer, page 26.



Liberals prepare

For, at most, a coalition, page 61. Labour's recovery, page 14. Britain's day of some inaction, page 63.

Fast-grown Japan

Has economic problems, page 18. So does slowly investing America, page 16.

Risky business

Mergers and some failures ahead. A survey of the world's insurance industry, after page 60.

America's money

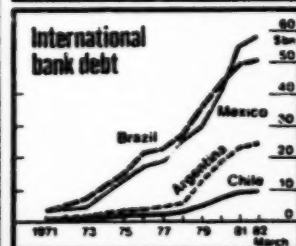
Congress eyes defence, page 22, not social issues, page 25. Congressional Budget Office, same page.

Bug-built drug

Approved, but may flop, page 103. Alchemists split water, page 104.

Jobless

In Europe, page 78. In Britain, page 66.



Latin debts

Cry for Mexico, Brazil and Chile as well as Argentina, page 75.

Palme's back

To collide with Sweden's big business?, page 35, and the stock market?, page 92.

Lloyd's problem

With Geldfinger, page 91.

Attlee

Modest, page 107.

SEPTEMBER 25, 1982

Volume 284 Number 7256

World politics and current affairs

- 11 Into Kohlpolitik
- 12 After the Beirut massacre
- 14 Labour's recovery in Britain
- 15 Farewell, welfare states?
- 16 Who will invest in America?
- 18 Japan's setting sun
- 21 **American Survey:** The dilemma of the diaspora; *Defence spending; Congress; Congressional Budget Office; The poor; America and the Philippines; Nuclear proliferation*
- 31 **Europe:** Finally, the scent of victory in the air for Mr Kohl; *Bonn's new conservatives; Sweden; Poland; European Community:* We really do want to be good Europeans, don't we?; *Portugal; Turkey war; Transport policy*
- 42 **Eastern Europe:** Economic reform
- 47 **International:** Black days and nights in Beirut's Sabra and Chatila; *Sleazy suburb of death; Avengers from Damour; Israel; Lebanon; United States; Peacekeeping; Honduras; Colombia; Costa Rica; Guinea; North Korea and China*
- 60 **International insurance:** At risk. A survey
- 61 **Britain:** Liberals prepare to pray for a coalition; *Liberal assembly; Day of action; Prime minister's department; Scottish Nationalists; Labour party; Prisons; Jobs; Barometer; British Steel; North Sea; Commercial radio*

Business, finance and science

- 73 **This week**
- 75 **World Business:** Latin America goes into a slump to pay its debts; *Brazilian-American trade; Spanish investment in Latin America; Unemployment; F. W. Woolworth; Fisons; Thorn EMI; Xerox/Crum Forster; Shipping; Indian-Russian trade; Gatt; Japan's imports; Chinese prices*
- 91 **Finance:** Why Lloyd's is more flabbered than gasted; *European bourses; House of Fraser; Regulating futures markets; Kuwait stock markets; Banco di Napoli*
- 99 **Business Brief:** Markets in tomorrows
- 103 **Science and Technology:** A shaky start for genetic engineering's first drug; *Catalysis; Software pirates; Satellite navigation*

Books and letters

- 107 **Books:** Clement Attlee; *Gladstone; Music; Gerald Scarfe; Charles Lamb*
- 4 **Letters**

© The Economist Newspaper Ltd, London, 1982. Printed in the USA

The Economist Subscription Service Department P.O. Box 2700 Woburn, Massachusetts 01888		Toll-free 1-800-343-1700 (in Massachusetts call 1-800-842-1542)	
Name _____		Subscription rates (in U.S. \$) are limited to service in U.S., Canada and Mexico. For rest of the world, subscription information, please contact:	
Organization _____		The Economist	
Address _____		Subscription Department	
City _____		25 St. James's Street	
State _____ Zip _____		London, SW1A 1HG	
If applying for student rate, University Name _____		☐ 1 year (52 issues) \$85.00 ☐ 100 weeks \$150.00 ☐ Quarterly Index \$24.00 ☐ Student rate \$52.00 ☐ Payment enclosed ☐ Bill me	
Year studies end _____		S2C0L-2	

THE COLUMBIA JOURNAL OF WORLD BUSINESS

SPRING 1982 VOLUME XVII NUMBER 1

FOCUS

- | | | |
|----|--|--------------------------------------|
| 2 | FOCUS Introduction
EXTERNAL DEBT OF DEVELOPING COUNTRIES
<i>In the 1970s, fueled by the increase in deposits from the OPEC nations, commercial banks in the West began an extension of credit to countries of questionable creditworthiness. The rush to extend credit may also have been buoyed by optimism in regard to these countries.</i> | N. T. Wang |
| 4 | EXTERNAL DEBT: SYSTEM VULNERABILITY AND DEVELOPMENT
<i>A review of trends in external debt and solvency of developing and Eastern bloc countries.</i> | William R. Cline |
| 15 | THE LDC DEBT PROBLEM: TRENDS IN COUNTRY RISK ANALYSIS AND RESCHEDULING EXERCISES
<i>Examines some of the causes of the present LDC debt crisis, and suggests a more market-oriented approach to assessing a country's creditworthiness and debt-servicing capacity.</i> | Chris Carvounis |
| 20 | AN ALTERNATIVE TO RESCHEDULING LDC DEBT IN AN INFLATIONARY ENVIRONMENT
<i>Analyzes the effect of inflation and rising interest rates on the ability of borrowers to meet their payments due.</i> | Laurie S. Goodman |
| 28 | DETERMINANTS OF LDC INDEBTEDNESS
<i>A statistical analysis of five factors involved in determining a country's indebtedness.</i> | H. Robert Heller
Emmanuel Frankel |
| 35 | LATIN AMERICA'S DEBT
<i>Attempts to determine why debt service ratios are so much higher for Latin American countries than for other LDCs, and what the effect will be of increases in real interest rates.</i> | Albert Fishlow |
| 47 | DOES THE WORLD BANK BELONG IN THE OIL AND GAS BUSINESS?
<i>This article reviews the successful and unsuccessful examples of World Bank participation, together with suggestions for reform of the program.</i> | Theodore Moran |
| 53 | THE OTHER SIDE OF FOREIGN ASSIGNMENTS: DEALING WITH THE REPATRIATION DILEMMA
<i>Multinational corporations are discovering the repatriation "shock" experienced by executives returning to the domestic organization.</i> | Michael C. Harvey |
| 60 | THE INCIDENCE OF TRADE RESTRICTION
<i>This paper applies Harberger's incidence analysis to commodity embargoes.</i> | Victor A. Canto
Arthur B. Laffer |
| 67 | THE COUNTERTRADE FACTOR IN CHINA'S MODERNIZATION PLAN
<i>This paper traces China's appetite for imports and its corresponding need to export to satisfy its balance of payments.</i> | Robert D. Dennis |
| 76 | THE PRODUCT DEVELOPMENT PROCESS IN NIC MULTINATIONALS
<i>Firms in the newly industrializing countries (NICs) are rapidly learning how to adapt and innovate.</i> | Wenlee Ting |
| 82 | FINANCIAL INSTITUTIONS AND REGULATION IN THE 21ST CENTURY: AFTER THE CRASH
<i>This paper argues that it is important to reforge regulation in a way that preserves its basic goals: effective monetary control and financial soundness.</i> | Franklin R. Edwards |
| 88 | COUNTRY RISK ANALYSIS
<i>In this article James Merrill describes both the methods and the step-by-step process of risk analysis at a large multinational bank.</i> | James Merrill |



950-F

ITC 1.9/2:982/10

ORIGINAL

COMPLETED

32



Contin

**OUR
LIBRARY
PRESENTS...**

The Library

U.S. International Trade Commission
Washington, D.C. 20436

LIBRARY DIVISION DIRECTORY

CHIEF, LIBRARY DIVISION...Dorothy J. Berkowitz 523-0016
Secretary...Shree Moody 523-0021

TECHNICAL SERVICES UNIT:

Head...Barbara J. Pruett 523-1764
Catalogers...Barbara J. Pruett 523-1764
 Maureen Leshendok 523-0018
 Peggy Cox 523-0017
 Bertina Wilson 523-0019

Acquisitions....Joan Schrock 523-1791
Periodicals & Interlibrary
Loan...Delores Edwards 523-0020
Processing...Frances Cooper 523-1815
 Kevin Dowdy 523-0025

INFORMATION SERVICES UNIT:

Head, Reference...Hennie Schneider 523-0013
Micrographics...Virginia Moss 523-1805

Editor...Barbara J. Pruett 523-1764

```

      *
      1
    *  X  *
    1 / \ 1
  * XooooX *
  1/o o o o\1
 * X  J  J  X *
 1/ooooooo\1
 * X  J  J  J  X *
 1/oo oo oo oo \1
 * X  J  J  J  J  X *
 1/sss*ssssssssss*sss\1
 *X  1  JJJ  1  X*
 1/oooooooooooooooooooo\1
/X-----X\

  1 1
  1 1
 1-1
=====

```

HAPPY HOLIDAYS!

```

      *
      1
    *  X  *
    1 / \ 1
  * XooooX *
  1/o o o o\1
 * X  J  J  X *
 1/oooooooo\1
 * X  J  J  J  X *
 1/oo oo oo oo \1
 * X  J  J  J  J  X *
 1/sss*ssssssssss*sss\1
 *X  1  JJJ  1  X*
 1/oooooooooooooooooooo\1
/X-----X\

  1 1
  1 1
 1-1
=====

```

HAPPY HOLIDAYS!

from the library staff...

BEST DOCUMENT AVAILABLE

November/December, 1982

NEW ACQUISITIONS FROM CATALOGING:

**Maureen Leshendok
Bertina Wilson
Peggy Cox**

- HC106.S8 1982
The structure of American industry. 1982
- HC267.C9A6 1982
American University,
Washington, D.C. Foreign
Area Studies. Czechoslovakia, a country study. 1982
- HD57.U532
United States. Bureau of
Labor Statistics. Productivity and the economy : a chartbook.
1981
- HD5706.O83
Organization for Economic
Cooperation and Development. Labour supply, growth constraints and work
sharing. 1982
- HD9503.U532
United States. Bureau of
Labor Statistics. Technological change and manpower trends in
six industries : textile mill products,
lumber and wood products, tires and tubes,
aluminum, banking, health services. 1974
- HD9503.U533
United States. Bureau of
Labor Statistics. Technological change and its labor impact
in five industries : apparel, footwear,
motor vehicles, railroads, retail trade.
1977
- HD9503.U534
United States. Bureau of
Labor Statistics. Technological change and its labor impact
in five energy industries : coal mining,
oil and gas extraction, petroleum refining,
petroleum pipeline transportation, electric
and gas utilities. 1979
- HD9503.U535
United States. Bureau of
Labor Statistics. Technology and labor in five industries :
bakery products, concrete, air
transportation, telephone communication,
insurance. 1979
- HF1401.U45 1981
United Nations Conference
on Trade and Development. Register of research on trade and
development issues : a list of current and
planned research on trade and development
issues, compiled from a survey of projects
in development research centres. 1982
- HF1456.M3
Malawer, Stuart S. Federal regulation of international
business : an annotated source book of
legislation, regulations and treaties.
1981
- HF1456.U687 1982
United States. Congress.
Senate. Committee on Foreign Relations. Regulation changes on exports : hearing
before the Subcommittee on Near Eastern and
South Asian Affairs of the Committee on
Foreign Relations, United States Senate,
Ninety-seventh Congress, second session, on
the change in Department of Commerce
regulations on exports to Iraq, South
Africa, Syria, and South Yemen, March 18,
1982. 1982
- HF1699.O6 1982
Organization for Economic
Cooperation and Development. The export credit financing systems in OECD
member countries. 1982
- HF1721.C721 1961
Contracting Parties to the
General Agreement on Tariffs and Trade. Final act authenticating the results of the
1960-61 Tariff Conference held under the
auspices of the Contracting Parties to the
General Agreement on Tariffs and Trade.
1962

HF1721.C722 1979
Contracting Parties to the General Agreement on Tariffs and Trade. Geneva (1979) protocol to the General Agreement on Tariffs and Trade = Protocole de Geneve (1979) annexe a L'accord general sur les tarifs douaniers et le commerce. 1979

HF1734.W7
Wolf, Martin. Adjustment policies and problems in developed countries : a study of the problems created by, and policies toward, the imports of manufactures from developing countries. 1979

HF1756.A5 1979ha
United States International Trade Commission. Report on the cab chassis issue : assessment by the U.S. International Trade Commission of the December 13, 1978, report of the Comptroller General of the United States entitled "Customs' classification of imported vehicles--a controversial issue." 1979

HF1756.A5 1980hh
United States International Trade Commission. Low-value shipments by major TSUS items. 1980

HF1756.A5 1982aac
United States International Trade Commission. In the matter of certain stabilized hull units and components thereof and sonar units utilizing said stabilized hull units : investigation no. 337-TA-103. 1982

HF1756.A5 1982aad
United States International Trade Commission. Welded carbon steel pipes and tubes from Brazil, France, Italy, the Republic of Korea, and West Germany : determinations of the Commission in investigations nos. 701-TA-165 through 169 (preliminary) under the Tariff act of 1930, together with the information obtained in the investigations. 1982

HF1756.A5 1982aak
United States International Trade Commission. Stainless clad steel plate from Japan : determination of the Commission in investigation no. 731-TA-50 (final) under section 735(b) of the Tariff act of 1930, together with the information obtained in the investigation. 1982

HF1756.A5 1982aaL
United States International Trade Commission. Birch three-ply door skins from Japan : determination of the Commission in investigation no. 751-TA-6 under the Tariff act of 1930, together with the information obtained in the investigation. 1982

HF1756.A5 1982aan
United States International Trade Commission. Emerging textile-exporting countries : report on investigation no. 332-126 under section 332 of the Tariff act of 1930. 1982

HF1756.A5 1982aao
United States International Trade Commission. Certain steel wire nails from the Republic of Korea : determination of the Commission in investigation no. 731-TA-46 (final) under section 735(b) of the Tariff act of 1930, together with the information obtained in the investigation. 1982

BEST DOCUMENT AVAILABLE

HF1756.A5 1982aaq United States International Trade Commission.	Hot-rolled stainless steel bar, cold-formed stainless steel bar, and stainless steel wire rod from Brazil : determinations of the Commission in investigations nos. 701-TA-179 through 81 (preliminary) under section 703(a) of the Tariff act of 1930, together with the information obtained in the investigations. 1982
HF1756.A5 1982aar United States International Trade Commission.	Certain rail passenger cars and parts thereof from Canada : determination of the Commission in investigation no. 701-TA-182 (preliminary) under the Tariff act of 1930, together with the information obtained in the investigation. 1982
HF1756.A5 1982aat United States International Trade Commission.	Certain ceramic kitchenware and tableware from the People's Republic of China : report to the President on investigation no. TA-406-8 under section 406 of the Trade act of 1974. 1982
HF1756.A5 1982aau United States International Trade Commission.	Nitrocellulose from France : determination of the Commission in investigation no. 731-TA-96 (preliminary) under the Tariff act of 1930, together with the information obtained in the investigation. 1982
HF1756.A5 1982aaw United States International Trade Commission.	The competitive status of major supply regions for fall harvested fresh white or Irish potatoes in selected markets : report to the President on investigation no. 332-140 under section 332 of the Tariff act of 1930. 1982
HF1756.A5 1982aax United States International Trade Commission.	Frozen concentrated orange juice from Brazil : determination of the Commission in investigation no. 701-TA-184 (preliminary) under the Tariff act of 1930, together with the information obtained in the investigation. 1982
HF1756.A5 1982pp United States International Trade Commission.	Ethical obligations of Commission employees : ethics counseling service. 1982
HF3119.U55 1981 United States. Congress. House. Committee on Ways and Means.	Report on trade mission to Far East. 1981
HF3621.C65 1981	COMECON data 1981. 1982
HF3826.W3 Watts, William.	The United States and Japan : eyes across the Pacific. 1982
HF5415.3.W6	World sources of market information. 1982
HF5548.K68 Konkel, Gilbert J.	Word processing and office automation : a supervisory perspective. 1982
HF5548.U65 United States. International Trade Administration.	Computers and peripheral equipment. 1980

HG136.P71 no.7
Sohnen, Egon. The theory of forward exchange. 1966

HG4026.W4
Weston, J. Fred. Managerial finance. 1981

HG5682.O7 1982
Organization for Economic Cooperation and Development. Foreign investment in Yugoslavia. 1982

Q180.R4
Research services directory : a guide to laboratories, consultants, firms, data collection and analysis centers, individuals, and other facilities 1982

Q183.U7
United States. International Trade Administration. Laboratory instruments. 1981

R856.U5
United States. International Trade Administration. Medical equipment. 1981

SB355.I62
International Trade Centre. Canned fruits and vegetables in France. 1982

SB355.U92
United States. Agricultural Marketing Service. A review of federal marketing orders for fruits, vegetables, and speciality crops : economic efficiency and welfare implications. 1981

TJ1180.U75
United States. International Trade Administration. Machine tools. 1981

TK6560.U68
United States. International Trade Administration. Communications equipment. 1981

TK7812.G7C3
Cable, Vincent. British electronics and competition with newly industrialising countries. 1981

TL23.C7
The competitive status of the U.S. auto industry : a study of the influences of technology in determining international industrial competitive advantage. 1982

TN119.Z5S5
Shekarchi, Ebrahim. Zimbabwe. 1981

TN490.M3K5
Kilgore, Catherine C. Manganese availability--domestic : a minerals availability system appraisal. 1982

TP200.O58
Organization for Economic Cooperation and Development. The impact of chemicals control upon trade, innovation and the small firm. 1982

TP690.H33
Hatch, Lewis Frederic. From hydrocarbons to petrochemicals. 1981

TS270.C3 1982
Callahan, Richard J. Directory of wire companies of North America. 1982

TS990.B7

Boon, Gerard Karel.

Technology and employment in footwear
manufacturing : a study prepared for the
International Labour Office within the
framework of the World Employment Programme.

Z675.A2S75

Special Libraries
Association.

A sampler of forms for special libraries.
1981

BEST DOCUMENT AVAILABLE

HB61.B4
Berenyi, John. The modern American business dictionary : including an appendix of business slang. 1982

HB236.U65 1982
United States. Library of Congress. Congressional Research Service. Wage and price policies in Australia, Austria, Canada, Japan, the Netherlands, and West Germany : a study prepared for the use of the Joint Economic Committee, Congress of the United States. 1982

HC106.6.U515
United States. Bureau of Labor Statistics. BLS economic growth model system used for projections to 1990. 1982

HC517.N5A6 1982
American University, Washington, D.C. Foreign Area Studies. Nigeria, a country study. 1982

HD69.I7H47
Hermann, A. H. Conflicts of national laws with international business activity : issues of extraterritoriality. 1982

HD69.I7N15
Nanda, Ved P. The law of transnational business transactions. 1981

HD69.I708 1982
Organization for Economic Cooperation and Development. Mid-term report on the 1976 Declaration and decisions. 1982

HD2326.B38
Baumol, William J. Contestable markets and the theory of industry structure. 1982

HE571.U465 1973-74
United Nations Conference of Plenipotentiaries on a Code of Conduct for Liner Conferences. United Nations Conference of Plenipotentiaries on a Code of Conduct for Liner Conferences, held at Geneva from 12 November to 15 December 1973 (first part) and from 11 March to 6 April 1974 (second part). 1975

HE4451.P9
Pushkarev, Boris. Urban rail in America : an exploration of criteria for fixed-guideway transit. 1982

HF1428.U59 1982
United States. Congress. Senate. Committee on Banking, Housing, and Urban Affairs. Foreign barriers to U.S. trade : hearing before the Subcommittee on International Finance and Monetary Policy of the Committee on Banking, Housing, and Urban Affairs, United States Senate, Ninety-seventh Congress, first session. 1982

HF1456.U74
United States. General Accounting Office. Export control regulation could be reduced without affecting national security. 1982

HF1734.B5
Bhagwati, Jagdish N. Import competition and response. 1982

HF1734.U75
United States. General Accounting Office. Management of trade adjustment program shows progress : report to the Secretary of Commerce. 1982

HF1756.A5 1977vv
United States International Trade Commission. Two centuries of tariffs : the background and emergence of the U.S. International Trade Commission. 1976

HF1756.A5 1982aaaa United States International Trade Commission.	Tubeless tire valves : report to the President on investigation no. TA-20-46 under section 201 of the Trade act of 1974. 1982
HF1756.A5 1982aaab United States International Trade Commission.	In the matter of certain methods for extruding plastic tubing : investigation no. 337-TA-110. 1982
HF1756.A5 1982aaac United States International Trade Commission.	Certain tool steels from Brazil and the Federal Republic of Germany : determination of the Commission in investigation no. 701- TA-187 (preliminary) under section 703 (a) of the Tariff act of 1930, together with the information obtained in the investigations, determination of the Commission in investigation no. 731-TA-100 (preliminary) under section 733 (a) of the Tariff act of 1930, together with the information obtained in the investigation. 1982
HF1756.A5 1982aaad United States International Trade Commission.	Greige polyester/cotton printcloth from the People's Republic of China : determination of the Commission in investigation no. 731- TA-101 (preliminary) under the Tariff act of 1930, together with the information obtained in the investigation. 1982
HF1756.A5 1982aaae United States International Trade Commission.	The relationship of exports in selected U.S. service industries to U.S. merchandise exports : report of investigation no. 332- 132 under section 332 of the Tariff act of 1930. 1982
HF1756.A5 1982aaaf United States International Trade Commission.	Certain commuter airplanes from Brazil : determination of the Commission in investigation no. 701-TA-188 (preliminary) under section 703 (a) of the Tariff act of 1930, together with the information obtained in the investigation. 1982
HF1756.A5 1982aaah United States International Trade Commission.	Canned mushrooms from the People's Republic of China : report to the President on investigation no. TA-406-9 under section 406 of the Trade act of 1974. 1982
HF1756.A5 1982aaaj United States International Trade Commission.	Certain radio paging and alerting receiving devices from Japan : determination of the Commission in investigation no. 731-TA-102 (preliminary) under the Tariff act of 1930, together with the information obtained in the investigation. 1982
HF1756.A5 1982aaal United States International Trade Commission.	In the matter of certain molded-in sandwich panel inserts and methods for their installation : investigation no. 337-TA-99 (modification proceeding). 1982

BEST DOCUMENT AVAILABLE

HF1756.A5 1982aaap United States International Trade Commission.	Steel rails from the Federal Republic of Germany, France, the United Kingdom, and Luxembourg : determinations of the Commission in investigations nos. 701-TA-191-194 (preliminary) under the Tariff act of 1930, together with the information obtained in the investigations, determinations of the Commission in investigations nos. 731-TA-104-106 (preliminary) under the Tariff act of 1930, together with the information obtained in the investigations. 1982
HF1756.A5 1982aad1 United States International Trade Commission.	U.S. imports of textile and apparel products under the Multifiber arrangement, 1976-81. 1982
HF1756.A5 1982aav United States International Trade Commission.	Prestressed concrete steel wire strand from Spain : determination of the Commission in investigation no. 701-TA-164 (final) under the Tariff act of 1930, together with the information obtained in the investigation. 1982
HF1756.A5 1982aay United States International Trade Commission.	Fireplace mesh panels from Taiwan : determination of the Commission in investigation no. 701-TA-185 (preliminary) under the Tariff act of 1930, together with the information obtained in the investigation. 1982
HF1756.A5 1982an United States International Trade Commission.	In the matter of certain molded-in sandwich panel inserts and methods for their installation : investigation no. 337-TA-99. 1982
HF2376.J3 Japan External Trade Organization.	Japan's tariff system and customs procedures : exporters' guide. 1978
HF3029.B3 Becker, William H.	The dynamics of business-government relations : industry & exports, 1893-1921. 1982
HF5547.U51 United States. National Archives and Records Service.	Correspondence management. 1973
HG136P73 no.4 Sohmen, Egon.	International monetary problems and the foreign exchanges. 1963
HG4537.O63 Organization for Economic Cooperation and Development.	Controls and impediments affecting inward direct investment in OECD member countries. 1982
PE1630.M3 Mager, Nathan H.	The Morrow book of new words : 8500 terms not yet in standard dictionaries. 1982
S24.U5 1982 United States. Congress. House. Committee on Agriculture.	Agricultural exports : hearings before the Subcommittee on Department Operations, Research, and Foreign Agriculture of the Committee on Agriculture, House of Representatives, Ninety-seventh Congress, first session. 1982

S413.U57 1980 United States. Foreign Agricultural Service.	U.S. exports of reported agricultural commodities for 1975/76-1979/80 marketing years. 1981
S441.C75 1982 Cramer, Gail L.	Agricultural economics and agribusiness. 1982
S452.U55 1982 United States. Congress. Senate. Committee on Finance.	European communities' common agricultural policy, the subsidies code, and enforcement of U.S. rights under trade agreements : hearing before the Subcommittee on International Trade of the Committee on Finance, United States Senate, Ninety- seventh Congress, second session, February 11, 1982. 1982
SB19.A36 no. 171 Cummings, Robert.	A survey of Czechoslovakia's agriculture. 1982
SB369.U52 1982 United States. Congress. Senate. Committee on Agriculture, Nutrition, and Forestry.	Access to the European Economic Community for United States citrus products : hearing before the Subcommittee on Foreign Agricultural Policy of the Committee on Agriculture, Nutrition, and Forestry, United States Senate, Ninety-seventh Congress, second session, March 29, 1982, Orlando, Fla. 1982
SF235.A6 United States. Foreign Agricultural Service.	Changes in licensing for certain dairy imports. 1981
SH333.O7 Organization for Economic Cooperation and Development.	International trade in fish products : effects of the 200-mile limit. 1982
TK6162.L4 Lee, Frank E.	ABC of the telephone. 1973
TK7874.E5 Elliott, David J.	Integrated circuit fabrication technology. 1982
TK8322.U7 United States. General Accounting Office.	Industry views on the ability of the U.S. photovoltaics industry to compete in foreign markets : report. 1981
TK8322.U72 United States General Accounting Office.	Departments of Energy and Commerce programs to promote solar products in foreign markets : study. 1982
TN145.I6 1980 Industrial Minerals International Congress.	Proceedings of the 4th Industrial Minerals International Congress : held at the Hilton Hotel, Atlanta, Georgia, USA on 28-30 May 1980. 1981
TN145.I65 1981	International minerals/metals review. 1980
TP935.F34 Federation of Societies for Coatings Technology.	Paint/coatings dictionary. 1978
TS1565.U6A56 1980 United States. Foreign Agricultural Service.	How U.S. cotton is sold for export. 1980

TS2260.U5 1981

United States. Bureau of
Labor Statistics.

Industry wage survey : cigarette
manufacturing, June 1981. 1982

Z253.C5 1982

The Chicago manual of style : for authors,
editors, and copywriters. 1982

Z253.M33 1969

A manual of style : for authors, editors,
and copywriters. 1969

BEST DOCUMENT AVAILABLE

CURRENT CONTENTS FROM THE PERIODICALS DESK

Delores Edwards

The following tables of contents from selected journals are included for informational purposes. These issues are kept on reserve in the Library and may be consulted there. Copies will circulate on request when the next issue is received.

across the board

November 1982

The cover—Aristo Catfish Jull's comment on an odd sort of office love affair that landed in the courts. Page 12

Jim Fisk and Robert Barron	Commentary Wise guys	2
Stanley Kunitz	The Wellfleet Whale	6
Michael Novak and Robert Lekachman, debaters	Is America still the land of opportunity?	8
Mike Stamler	'Oh, what a tangled web . . .' A case study in 'reverse' sexual harassment—one that had a tragic denouement	12
T. R. Reid	THE TEXAS EDISON 	18
Henry C. Wallich	Can growth go on indefinitely? If it must stop, will there be a collapse or a soft landing? The doomsday predictions of <i>The Limits to Growth</i> , put out a decade ago, now seem highly exaggerated.	30
David L. Nye	Fire at will—careful, now, careful	37
Daniel Deudney	Coming down to earth Industry in space is a mirage of abundance.	41
Kevin P. Phillips	America in the 1980s—A Weimar analogy? 	46
Edgar R. Fiedler	Books The 'invisible handshake' revealed	52
Shlomo Maital	An economist and a psychologist explain the stock market	56
Albert T. Sommers	Books A breakthrough in economics?	59
	Letters That legal sword	63
Jack Luzzatto	Crossword Puzzle Split/Personalities	64

Published 11 times annually (the July and August issues are combined) by The Conference Board Inc. (ISSN 0147-1554), James T. Matis, President, 645 Third Avenue, New York, N.Y. 10022. Printed in North Abington, Mass. Second-class postage paid at New York, N.Y., and at additional mailing offices.
Postmaster: Send address changes to across the board, 645 Third Avenue, New York, N.Y. 10022.
Subscription rates: CB Associate and educational rate: \$15 annually, single copies.

\$1.50 Available to non-Associates, \$30 annually, single copies, \$3.00.
Copyright 1982 The Conference Board Inc. Redistribution or reproduction by any means of any part of across the board is prohibited without written permission.
Advertising Manager Harry W. Hochman, Hochman Associates, Inc., 400 East 56 Street, New York, N.Y. 10022 (212) 371-4932.
Inquiries in Europe regarding The Conference Board should be addressed to: The Conference

Board, Inc., Avenue Louise, 207 Bte 5, B-1050 Brussels, Belgium. In Canada: The Conference Board of Canada, 25 McArthur Road, Ottawa, Ontario K1L 6R3, Canada.

Editor
Managing Editor
Art Director
Picture Editor
Assistant Editor
Assistant to the Editor

Lewis Bergman
Gretchen Griffin Knight
Josef Kozlakowski
Barbara Kaplowitz
Darlene Shiber Sneden
Nancy Boas

FALL 1982

Vol. 20, No. 3

ISSN 004-6760

THE
Atlantic
Community
QUARTERLY

A New Opportunity for Peace in the Middle East	<i>Ronald Reagan</i>	195
Without the Bomb	<i>The Economist</i>	201
The Real Russia	<i>Thompson R. Buchanan</i>	210
Western European Perspectives on East-West Détente in the 1970's	<i>Lonisa S. Hulet</i>	223
Technology Transfer Controls	<i>Gerhard Mally</i>	233
Christianity and Deterrence	<i>R. P. Bär</i>	239
Western Values and The Successor Generation	<i>Arrigo Levi</i>	246
Seeds of Discontent	<i>Poul Dalsager and John R. Block</i>	252
Trade Relations Between Industrialized Countries in Times of Crisis	<i>Roy Denman</i>	258
Workers in the USSR: The Other Movement	<i>Orrin G. Hatch</i>	266
Toward A Consensus on Military Service	<i>Atlantic Council Policy Paper</i>	269
SOURCE MATERIAL		
Members of The Working Group on Military Service		282

ATLANTIC BIBLIOGRAPHY 286

Copyright 1982 by
The Atlantic Council of The United States, Inc.
1616 H Street, N.W. Washington, D.C. 20006

ECONOMETRICA¹⁴

JOURNAL OF THE ECONOMETRIC SOCIETY

*An International Society for the Advancement of Economic
Theory in its Relation to Statistics and Mathematics*

RECEIVED

NOV 15 1982

INTERNATIONAL TRADE
COMMITTEE

CONTENTS

FINN E. KYDLAND AND EDWARD C. PRESCOTT: Time to Build and Aggregate Fluctuations	1345
ODED HOCHMAN AND DAVID PINES: Costs of Adjustment and the Spatial Pattern of a Growing Open City	1371
DOUGLAS W. CAVES, LAURITS R. CHRISTENSEN, AND W. ERWIN DIEWERT: The Economic Theory of Index Numbers and the Measurement of Input, Output, and Productivity	1393
ROBERT E. VERRECCHIA: Information Acquisition in a Noisy Rational Expectations Economy	1415
VINCENT P. CRAWFORD AND JOEL SOBEL: Strategic Information Transmission	1431
THEODORE GROVES AND SERGIU HART: Efficiency of Resource Allocation by Uninformed Demand	1453
ALEXANDER S. KELSO, JR., AND VINCENT P. CRAWFORD: Job Matching, Coalition Formation, and Gross Substitutes	1483
HAIM MENDELSON: Market Behavior in a Clearing House	1505
PHILIP H. DYBVIK AND STEPHEN A. ROSS: Portfolio Efficient Sets	1525
AHSAN MANSUR AND JOHN WHALLEY: A Decomposition Algorithm for General Equilibrium Computation with Application to International Trade Models	1547
G. J. ANDERSON AND R. W. BLUNDELL: Estimation and Hypothesis Testing in Dynamic Singular Equation Systems	1559
NOTES AND COMMENTS:	
R. P. BYRON: A Note on the Estimation of Symmetric Systems	1573
ROGER KOENKER AND GILBERT BASSETT: Tests of Linear Hypotheses and I_1 Estimation	1577
BASUDEB BISWAS AND RATI RAM: Simultaneous Equations Analysis of Fertility in the U.S.: A Comment	1585
ANNOUNCEMENTS AND NEWS NOTES	1591
ERRATUM	1596

VOL. 50, NO. 6—November, 1982

BEST DOCUMENT AVAILABLE

THE ECONOMIC RECORD

June 1982

Articles

W. M. CORDEN	The Wages Push and Macroeconomic Policy: The Dilemmas Ahead	111
W. F. FOSTER and R. G. GREGORY	The Contribution of Employment Separation to Teenage Unemployment	118
TAKASHI FUKUSHIMA and MANOJ PANT	Economic Growth, Terms of Trade and Welfare in an Open Monetary Economy	134
CHRISTOPHER C. FINDLAY	The Optimality of Competitive Air Transport Markets: A Review of Aspects of the ICAP Report	141
NAOMI MOLDOFSKY	Market Theoretical Frameworks—Which One?	152
FRANK J. FINN and G. P. WHITTRED	On the Use of Naive Expectations of Earnings per Share as Experimental Benchmarks	169
JOHN QUIGGIN	A Note on the Existence of a Competitive Optimal Output	174
JUDITH YATES	An Analysis of the Distributional Impact of Imputed Rent Taxation	177
<i>Reviews (see inside front cover)</i>		190
<i>News and Notices</i>		198
<i>Books Received</i>		199
<i>Statement of Editorial Policy</i>		205
<i>Notes to Authors (see inside back cover)</i>		

Subscription Rates—See Back Cover

THE ECONOMIC SOCIETY OF AUSTRALIA AND NEW ZEALAND

Distributed by: Brown Prior Anderson Pty Ltd, 5 Evans Street, Burwood, Victoria 3125

Registered by Australian Post—publication No. VBP2332

ISSN 0013—0249

BEST DOCUMENT AVAILABLE

The Economist



Thatcher's run

For a second term, page 13.
As Labour improves its image,
pages 57-64.



The wrong way

For Mr Genscher to unseat Mr Schmidt in West Germany, page 15. Between Hesse and the moment of truth, page 41. Free Democrats' deathbed?, page 42.



Together again?

No, China and Russia aren't about to sit in each other's laps, page 16. Hongkong's nerves, page 40, and falling stock market, page 87.



Merger 2+2 = 3

Mergers that beggar giant American companies to make their advisers and managers happy, pages 71-72. Pan Am agonises, page 73. Rolls-Royce seeks a mate, page 74.

In the dumps

America's economy, page 21. Its unions, page 22.

Home for Dome

Canada's banks and taxpayers pick up the pieces, page 87.

The final test

Between Iraq and Iran?, page 38.

Off one hook

Menahem Begin survives, for a bit, page 33. An Israeli's appeal to world Jewry, page 34.

Cuomo-uppance

Koch goes down in New York, page 25. Frank fights in Massachusetts, page 26.



Embryos to spare

But not for experiments, page 18.

Chopping science

Educators hit the wrong target in Britain, pages 93-96.

Catching the tide

How to save South Africa from missing the Namibia boat, page 17.

Establishment shield

Lord Denning guards Britain's government secrets, page 15. America hinders its own Japscam case, page 76.

OCTOBER 2, 1982

Volume 285 Number 7257

World politics and current affairs

- 13 Will Thatcher's luck hold?
- 15 Denning as a poodle to Britain's Establishment
- 15 The Genscher gamble in West Germany
- 16 Communism's unholy divide
- 17 Brutus Botha in Namibia?
- 18 Embryos to spare
- 21 **American Survey:** The economy: A trough for all seasons?; Labour; New York; Massachusetts; Sex diseases; Pipeline sanctions
- 33 **International:** Shut up and wait for Israel's judges; The new battle of Masada; Lebanon; Iraq and Iran; India and Russia; India; Hongkong; Bolivia
- 41 **Europe:** The making of a Kohition; Free Democracy on its deathbed?; Albania; France's opposition; Defending Europe; Spain. **European Community:** Steel is sicker than ever; Car prices; Conservatives; Ecus
- 57 **Britain:** Labour looks less lurid; Militant; Nuclear disarmament; Labour's finances; Press freedom; Brighton; Channel 4; Northern Ireland assembly; Explosions; Civil service efficiency; Monetary policy

Business, finance and science

- 69 **This week**
- 71 **World Business:** Eating companies is wrong; Bendix's strategy; Martin Marietta; Pan Am; Aircraft financing; Rolls-Royce; Machine tools; Investment; IBM and the Japanese; Mitsukoshi; Walt Disney; Cable & Wireless; European cars; Currencies; Drugs in the third world
- 84 **Business Brief:** Electronic banking comes out to meet its customers
- 87 **Finance:** How to go from maple-leaf rags to riches in two uneasy lessons, Hongkong stock market; F. W. Woolworth; American energy bonds; Samurai bonds; Dai-ichi Kangyo Bank; Life assurance; Soltheby Parke Bernal
- 93 **Science and Technology:** Cutting Britain's universities down to size—a four-page article on how cuts are affecting Britain's science and engineering education

Books and letters

- 99 **Books:** Lyndon Johnson; Britain; Alan Watkins; Churchills; British empire; George Gissing; Economic sanctions
- 4 **Letters**

© The Economist Newspaper Ltd. London, 1982. Printed in the USA

The Economist Subscription Service Department P.O. Box 2700 Woburn, Massachusetts 01888		Toll-free 1-800-343-1700 (in Massachusetts, call 1-800-842-1542)	
Name _____ Organization _____ Address _____ City _____ State _____ Zip _____		Subscription rates (in U.S. \$) are limited to service in U.S., Canada and Mexico. For rest of the world subscription information please contact: The Economist Subscription Department 25 St. James's Street London SW1A 1HG	
If applying for student rate University Name _____ Year of Study _____		☐ 1 year (52 issues) \$85.00 ☐ 100 weeks \$150.00 ☐ Quarterly Index \$24.00 ☐ Student rate \$52.00 ☐ Payment enclosed ☐ Bill me	

The Economist

RUSSIA 1984
IS COMING

1984 is coming

A policy for the economic containment of Russia which could help the west, and Russia too, page 11.



Self-inflicted

General Jaruzelski shoots Solidarity, page 47, hits himself, page 17.

Hunted

Ariel Sharon in Israel, page 35
Palestinians in Lebanon, page 36. A hunter, Abu Nidal, page 38.



A Foot in Europe

What Labour's unilateralism would do to Europe's defences, page 13. Is Labour warning to the EEC?, page 51.

Kohi-fired

West Germany's new foreign policy, page 46, worries the Russians, same page.

Madrid to San Diego

Reagan meets Mexico's next leader, page 23.

Vintage '82

Great Rioja and champagne, muddling claret, lots of everything, page 47.



Science mysteries

Sun versus Einstein, page 95.
Reproduction without genes, page 97.

Lip-reading

By computer, page 96.



Old moulds

For Britain's new Social Democrats, page 14.

Old soldiers

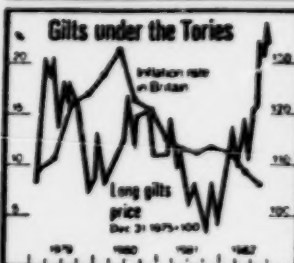
Won't fade away in Spain, page 45.

Deng-dong

Small paper coup by Chinese generals, page 41.

Campaign capers

In Virginia and Tennessee, page 24.



Still bullish

On gilts, page 89.

Schools brief

A new series starts on the EEC, pages 54-55.

OCTOBER 9, 1982

Volume 285 Number 7258

World politics and current affairs

- 11 Life with an Andropov
- 13 A Foot in Nato
- 14 Britain's Social Democrats go too mouldy
- 17 Demolition job in Poland
- 18 Postpone the Britoil sale
- 23 **American Survey:** It's the Mexican neighbours again; Virginia; Tennessee; Arizona; Federal courts; Congress; Tylanol; F-18 fighter-bomber; Puerto Rico
- 35 **International:** Sharon: a man who wanted to redraw the map; Rabbinical rumbles; Palestinians in Lebanon; Lebanon; America and Lebanon; Abu Nidal; Iraq and Iran; China; Argentina; South Africa
- 45 **Europe:** Old Spanish soldiers won't fade away; West Germany; Soviet foreign policy; Poland; Wine harvest; French Communists; Ireland. **European Community:** Would Labour really leave?; Turkey; September in the EEC
- 54 **Schools Brief:** The changing face of the EEC
- 57 **Britain:** The Tories are sticking to all their guns; Moles; Prisons; The economy; British Airways; Law; Welsh TV; Coal; Select committees; NUR; St James's; British Steel; Barometer

Business, finance and science

- 69 **This week**
- 71 **World Business:** If Harvey-Jones had his way, he wouldn't start from here; Synthetic fibres; Telecommunications; GTE; Brazil's economy; South Africa; Italy's economy; Finsider; Steel; Japan's consumer electronics; American recording industry; F. W. Woolworth; BP and oil tankers; French cars
- 86 **Business Brief:** Merchants of Araby
- 89 **Finance:** Gilts give a fast trip to profits on the Brighton line; Thrift institutions; Financial futures; Hongkong markets; Banco Ambrosiano; Canadian banks; Chase Manhattan
- 95 **Science and Technology:** The case of the sun versus Einstein; Biotechnology; Lip-reading; Molecular mystery

Books and letters

- 99 **Books:** William Shakespeare; Britain; Proposition 13; Merwyn Stockwood; Feminism; East Asia; China; Psychical research
- 4 **Letters**

© The Economist Newspaper Ltd, London, 1982. Printed in the USA

The Economist Subscription Service Department P.O. Box 2700 Woburn, Massachusetts 01888		Toll-free 1-800-343-1700 (in Massachusetts call 1-800-842-1542)	
Name _____ Organisation _____ Address _____ City _____ State _____ Zip _____		Subscription rates (in U.S. \$) are limited to service in U.S., Canada and Mexico. For rest of the world subscription information, please contact: The Economist Subscription Department 25 St James's Street London, SW1A 1HG	
If applying for student rate, University name _____ Year Studies End _____		☐ 1 year (52 issues) \$85.00 ☐ 100 weeks \$150.00 ☐ Quarterly Index \$24.00 ☐ Student rate \$52.00 ☐ Payment enclosed ☐ Bill me	

International Organization

Volume 36, Number 4, Autumn 1982

Articles

Capitalism and hegemony:
Yorubaland and the
international economy *David D. Laitin* 687

Exchange rate system, policy
distortions, and the
maintenance of trade dependence *Bruce E. Moon* 715

Intergovernmentalism in the
European Communities in the
1970s: patterns and perspectives *Paul Taylor* 741

Trade politics in the
Third World: a case study of
the Mexican GATT decision *Dale Story* 767

Research Note

Technology transfer patterns and
industrialization in LDCs: a
study of licensing in Costa Rica *Devora Grynspan* 795



JOURNAL OF INTERNATIONAL BUSINESS STUDIES

TABLE OF CONTENTS

ARTICLES

- 9 Bargaining Power of Multinationals and Host Governments
 - Nathan Fagre and Louis T. Wells, Jr.
- 25 U.S.-China Trade Negotiations: Practices, Procedures, and Outcomes
 - Rosalie L. Tung
- 39 Variables Associated with Export Profitability
 - Warren J. Bilkey
- 57 Manufacturer-Overseas Distributor Relations and Export Performance
 - Philip J. Rosson and I. David Ford
- 73 Marketing Factors in Small Country Manufactured Exports: Are Market Share and Market Growth Rate Really Important?
 - Igal Ayal and Seev Hirsch
- 87 Coping with Uncertainty in International Business
 - Briance Mascarenhas
- 99 The Behavior of Foreign Exchange Rates
 - Jorge R. Calderon-Rosselli and Moshe Ben-Horim
- 113 Capital Budgeting Frameworks for the Multinational Corporation
 - Laurence D. Booth

BOOK REVIEWS

- 125 *A Multinational Look at the Transnational Corporation*, edited by Michael T. Skully
 - Rosalie L. Tung
- 126 *Business Cycle Surveys*, by Werner H. Strigel
 - William R. Hoskins

129 DISSERTATION ABSTRACTS

136 NEW BOOKS AND OTHER PUBLICATIONS RECEIVED

BEST DOCUMENT AVAILABLE

Journal of INTERNATIONAL ECONOMICS

Volume 13, No. 1/2

August 1982

Editors

JAGDISH N. BHAGWATI
JOHN S. CHIPMAN

Co-Editors

WILLIAM H. BRANSON
RICHARD BRECHER
RUDIGER DORNBUSCH
PETER NEARY

Book Review Editor

JOHN WILLIAMSON

Associate Editors

BELA BALASSA
RAVEENDRA BATRA
GUILLERMO CALVO
RICHARD COOPER
ALAN DEARDORFF
ELHANAN HELPMAN
MURRAY C. KEMP
ANNE O. KRUEGER
EDWARD E. LEAMER
ASSAR LINDBECK
WOLFGANG MAYER
LIONEL W. MCKENZIE
RONALD I. MCKINNON
MICHAEL MUSSA
TAKASHI NEGISHI
JURG NIEHANS
PAUL A. SAMUELSON
LEON WEGGE

CONTENTS

- Ronald Findlay, International distributive justice: A trade theoretic approach 1
- Mahmudul Anam, Distortion-triggered lobbying and welfare: A contribution to the theory of directly-unproductive profit-seeking activities 15
- Jagdish N. Bhagwati and T.N. Srinivasan, The welfare consequences of directly-unproductive profit-seeking (DUP) lobbying activities: Price versus quantity distortions 33
- Carl Hamilton and Lars E.O. Svensson, On the welfare effects of a 'duty-free zone' 45
- Horst Herberg, Murray C. Kemp and Makoto Tawada, Further implications of variable returns to scale 65
- Dale W. Henderson and Kenneth Rogoff, Negative net foreign asset positions and stability in a world portfolio balance model 85
- Tapan Mitra, Mukul Majumdar and Debraj Ray, Feasible alternatives under deteriorating terms of trade 105
- Murray C. Kemp and Ngo Van Long, Conditions for the survival of a small resource-importing economy 135

CONTENTS CONTINUED ON BACK COVER

JIECBE 13(1/2) 1-200 (1982)

NORTH-HOLLAND

BEST DOCUMENT AVAILABLE

CONTENTS (CONTINUED)

Arthur J. Hosios, Short-run and long-run equilibrium for a small open economy with intermediate goods	143
Mario I. Blejer and Arye L. Hillman, On the dynamic non-equivalence of tariffs and quotas in the monetary model of the balance of payments	163
Daniel Friedman and Stoddard Vandersteel, Short-run fluctuations in foreign exchange rates: Evidence from the data 1973-79	171
Book Reviews by David Laidler, Herbert G. Grubel, George McKenzie, Donald B. Keesing, J. Michael Finger, Paul Wonnacott and Robert Z. Lawrence	187

BEST DOCUMENT AVAILABLE

Journal of Political Economy

Volume 90

Number 5

October 1982

Articles

- 881 Aggregate Demand Management in Search Equilibrium
Peter A. Diamond
- 895 The Permanent Income Hypothesis: Estimation and Testing
by Instrumental Variables
Fumio Hayashi
- 917 Capitalization and the Theory of Local Public Finance
John Yinger
- 944 The Effects of General Price Controls in the United States
during World War II
Paul Evans
- 967 Imperfect Information and Wage Inertia in the Business Cycle
Mark Gertler
- 988 Directly Unproductive, Profit-seeking (DUP) Activities
Jagdish N. Bhagwati
- 1003 Differential Use of Medical Care by Sex
Jody L. Sindelar
- 1020 Imports, Domestic Production, and Transnational Vertical
Integration: A Theoretical Note
Pranab K. Bardhan
- 1035 Wasteful Commuting
Bruce W. Hamilton
- 1054 A Theory of Factor Mobility
Gene M. Grossman and Carl Shapiro
- 1070 Optimal Policy in the Presence of Licensed Technology from
Abroad
Richard A. Brecher

Journal of World Trade Law

Volume 16, number 5

Sept : Oct 1982

Contents

The Definition of "Export Subsidies" in GATT—*Patrick Low* *page 375*

The definition of export subsidies has given rise to considerable controversy, in view of their different forms and the ends which they are designed to serve. The author examines the various rules in the General Agreement on Tariffs and Trade and the Agreement on Subsidies and Countervailing Duties, and draws some general conclusions. The Illustrative List of Export Subsidies from the Agreement is printed as an Appendix.

The International Food Economy —*Dragoslav Avramović* *page 391*

The author deals with the problems and prospects of the international food economy in mid-1982 with particular reference to investment, farm incomes, access to markets and international commodity negotiations.

Latin American Integration: From LAFTA to LAIA—*Diana Tussie* *page 399*

This article describes the abandonment of the programme of intensive industrialization under LAFTA in favour of the more flexible approach under the Latin American Integration Association of 1980.

Codes of Conduct for Multinational Enterprises—*Robert Grosse* *page 414*

A survey is made of the codes concluded and in progress in various intergovernmental organizations which affect multinational enterprises.

BEST DOCUMENT AVAILABLE

CONTENTS

Shorter Articles and Notes

The Functioning of Lomé II—*Marjorie Lister* page 434

A critical account is given of the present working of the second Lomé Convention and its problems.

Law of the Sea Convention Adopted

—*Ursula Wassermann* page 440

On 30 April 1982 this convention was adopted by 190 countries voting in favour, with four against (the United States, Israel, Turkey and Venezuela) and 17 abstentions. This note describes the present state of affairs.

WHO: Essential Drugs for Developing Countries

—*Ursula Wassermann* page 444

In May 1982 the World Health Assembly discussed means for providing developing countries with essential drugs, in which the pharmaceutical manufacturers are co-operating.

EEC: Commission Hearings in Competition Cases

—*Dennis Thompson* page 448

This note draws attention to the report of the Select Committee on the European Communities in the House of Lords on *Competition Practice* and makes some suggestions.

European Court: "AM & S" and Legal Privilege

page 451

The Court of Justice has accepted the principle of legal professional privilege in respect of independent legal practitioners in the Community.

UNCTAD: A Declaration of United States Policy

page 455

The verbatim statement of Mr. Gerald B. Helman to UNCTAD in October 1981.

Book Reviews

Recent Publications on Trade and Development

(A. F. Ewing)

page 461

Shorter Notices

page 466

THE
QUARTERLY JOURNAL
OF ECONOMICS

Vol. XCVII

November 1982

No. 4

ARTICLES

- Labor Contracts as Partial Gift Exchange *George A. Akerlof* 543
- Union Contracts and Money Wage Changes in U. S. Manufacturing
Industries *Wayne Vroman* 571
- Job Search and the Duration of Layoff Unemployment
..... *Christopher A. Pissarides* 595
- Permanent Versus Transitory Tax Effects and the Realization of Capital
Gains *Gerald E. Auten and Charles T. Clotfelter* 613
- Spatial Pricing, Spatial Rents, and Spatial Welfare
..... *Timothy J. Gronberg and Jack Meyer* 633
- The Effect of Federal Debt-Management Policy on Corporate Bond and
Equity Yields *V. Vance Roley* 645
- The Existence of Marginal Cost Pricing Equilibria with Increasing Returns
..... *Paulina Beato* 669
- Price Regulation Under Uncertainty in an Asymmetric Decision
Environment *Stravros B. Thomadakis* 689

NOTES

- Externalities as a Necessary Condition for Cyclical Social Preferences
..... *Peter Bernholz* 699
- Joint Products and Multijurisdictional Spillovers
..... *Todd Sandler and A. J. Culyer* 707
- Incentive Compatibility in Bargaining Under Uncertainty
..... *Kalyan Chatterjee* 717

RECEIVED

NOV 15 1982

26

INTERNATIONAL TRADE
COMMISSION

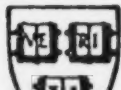
The Review of Economics and Statistics

VOL. LXIV

NOVEMBER 1982

NUMBER 4

Federal Aid and Public Education: An Empirical Look at the New Fiscal Federalism	Steven G. Craig Robert P. Inman	541
Wealth Neutrality Revisited: Guaranteed Tax Base Formulas and Local Choice in Public Education	Gilbert J. Reilly	553
An Econometric Investigation of the Monetary Neutrality and Rationality Propositions from an Inter- national Perspective	Dennis L. Hoffman Don E. Schlagenhauf	562
Separate Misspecified Regressions and the U.S. Long-run Demand for Money Function	Michael McAleer Gordon Fisher Paul Volker	572
Evidence of the Structural Stability of Short-term Capital Flow	Yung Y. Yang James E. Gehrman	584
The Index of Leading Indicators: "Measurement without Theory," Thirty-five Years Later	Alan J. Auerbach	589
The Substitutability of Natives and Immigrants in Production	Jean Baldwin Grossman	596
Affirmative Action and Opportunity: A Study of Female Quit Rates	Paul Osterman	604
Causes of Increased Competition in the U.S. Economy, 1939-1980	William G. Shepherd	613
Inter-industry Technology Flows and Productivity Growth	F. M. Scherer	627
A Closer Look at the Effect of Market Growth on Industries' Profits	Ralph M. Bradburd Richard E. Caves	635
Relatedness in the Patterns of Interindustry Diversification	André Lemelin	646
Testing the Rational Expectations Hypothesis in an Agricultural Market	Thomas H. Goodwin Steven M. Sheffrin	658
Small Sample Properties of Three Tests for Granger-Causal Ordering in a Bivariate Stochastic System	David K. Guilkey Michael K. Salemi	668
Editorial Collaborators		709
Contents for Volume LXIV		713
NOTES (see back cover)		



October
1982

Southern Economic Journal

Volume 49
Number 2

Vincent J. Tarascio
Managing Editor

Board of Editors

STANLEY W. BLACK
Vanderbilt University

EDGAR K. BROWNING
University of Virginia

MARILYN R. FLOWERS
University of Oklahoma

DAVID R. KAMERSCHEN
University of Georgia

FERDINAND K. LEVY
Georgia Institute of Technology

RICHARD B. MCKENZIE
Clemson University

CARL SIMON
University of Michigan

J. ERNEST TANNER
Tulane University

EDWARD TOWER
Duke University

Contents

Articles

**Rational Expectations of Government Policy:
An Application of Newcomb's Problem**

**Roman Frydman,
Gerald P. O'Driscoll, Jr.
and Andrew Schotter** 311

Equilibrium in a Futures Market

Jerome Baesel and Dwight Grant 320

Saving, Social Security, and Uncertainty

Harry Watson 330

**An Analysis of the Composition of R&D
Spending**

Albert N. Link 342

**Friedman's Positive Economics and
Philosophy of Science**

James R. Wible 350

**Testing the Rationality of Inflation
Expectations Derived from Survey Data:
A Structure-Based Approach**

**Nicholas R. Noble
and T. Windsor Fields** 361

Capitalization and Housing-Demand Bias

Bruce W. Hamilton 374

Subsidy-Free Welfare Games

**Vicente Salas Fumas
and Andrew B. Whinston** 389

**A Test of Perfect Substitutability in the
Foreign Exchange Market**

Jeffrey A. Frankel 406

**Systematic Assessment Error and
Intrajurisdiction Property Tax
Capitalization**

Keith R. Ihlanfeldt and John D. Jackson 417

SYRACUSE JOURNAL OF INTERNATIONAL LAW AND COMMERCE

CONTENTS

ARTICLE

- Prior Consent or the Free Flow of Information over Satellite Radio
and Television: A Critique of U.S. Domestic and International
Broadcast Policy *Theodore M. Hagelin* 265

SYMPOSIUM

INTERNATIONAL SATELLITE COMMUNICATIONS AND THE NEW INFORMATION ORDER

- Le Nouvel Ordre Mondial de l'Information et les Satellites de Radio
Diffusion Directe/The New World Information Order and Direct
Broadcasting Satellites *Mustapha Masmoudi* 322
- Telecommunications, Outer Space, and the New International Infor-
mation Order (NIIO) *Carl Q. Christol* 343
- International Satellite Communications and the New Information
Order: Distressing Broadcasting Satellites *Stephen E. Doyle* 365
- Direct Broadcasting via Satellite and a New Information Order
Ram S. Jakhu 375
- A Canadian Perspective on Direct Broadcast Satellites and the New
World Information and Communication Order *Gabriel Warren* 391

